

MONTANA LEGISLATIVE HISTORY

Chapter 634 19 93

Bill H 671 S _____ Original bill & history C

H. Committee on Taxation

Hearing Date(s) Mar 12 ☒ C

Mar 19 ☒ C

_____ C

_____ C

Date Out Mar 19 ☒ C

S. Committee on Taxation

Hearing Date(s) Apr 05 ☒ C

Apr 20 ☒ C

_____ C

_____ C

Apr 20 ☒ C

Did this bill originate in an interim committee? Yes No

Committee _____

Report _____

Free Conference Committee

April 23 ☒ C

April 24 ☒ C

3/26	REFERRED TO FINANCE & CLAIMS		
4/02	HEARING		
4/05	COMMITTEE REPORT—BILL CONCURRED		
4/06	2ND READING CONCURRED	33	16
4/07	3RD READING CONCURRED	37	12
	RETURNED TO HOUSE		
4/17	SIGNED BY SPEAKER		
4/17	SIGNED BY PRESIDENT		
4/20	TRANSMITTED TO GOVERNOR		
4/22	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 479		
	EFFECTIVE DATE: 10/01/93		

HB 669 INTRODUCED BY FAGG, ET AL.
 GENERALLY REVISE TAXATION ON VIDEO GAMBLING MACHINE INCOME

3/10	INTRODUCED		
3/10	REFERRED TO TAXATION		
3/10	FIRST READING		
3/10	FISCAL NOTE REQUESTED		
3/15	FISCAL NOTE RECEIVED		
3/16	HEARING		
3/16	FISCAL NOTE PRINTED		
3/19	COMMITTEE REPORT—BILL PASSED		
3/22	2ND READING INDEFINITELY POSTPONED	68	27
3/23	MOTION FAILED TO RECONSIDER PREVIOUS ACTION AND PLACE BACK ON 2ND READING	39	55

HB 670 INTRODUCED BY BOHARSKI, ET AL.
 AUTHORIZE ESTABLISHMENT OF INDIVIDUAL MEDICAL CARE SAVINGS
 ACCOUNTS

3/10	INTRODUCED		
3/10	REFERRED TO TAXATION		
3/10	FIRST READING		
3/10	FISCAL NOTE REQUESTED		
3/12	HEARING		
3/13	FISCAL NOTE RECEIVED		
3/15	FISCAL NOTE PRINTED		
3/19	COMMITTEE REPORT—BILL PASSED AS AMENDED		
3/29	2ND READING PASSED AS AMENDED	91	6
3/29	REVISED FISCAL NOTE REQUESTED		
3/29	REVISED FISCAL NOTE RECEIVED		
3/29	REVISED FISCAL NOTE PRINTED		
3/30	3RD READING PASSED	94	5
	TRANSMITTED TO SENATE		
4/01	FIRST READING		
4/01	REFERRED TO TAXATION		
4/06	HEARING		
4/13	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/14	2ND READING CONCUR MOTION FAILED	18	30
4/14	2ND READING INDEFINITELY POSTPONED	33	13

HB 671 INTRODUCED BY GILBERT, ET AL.
 GENERALLY REVISE INDIVIDUAL INCOME TAX LAWS AND AMEND
 CORPORATE LICENSE AND INCOME TAX LAWS

3/11	INTRODUCED
3/11	REFERRED TO TAXATION
3/11	FIRST READING
3/17	HEARING

3/19	FISCAL NOTE REQUESTED		
3/20	COMMITTEE REPORT—BILL PASSED AS AMENDED		
3/22	2ND READING PASSED AS AMENDED	53	46
3/24	FISCAL NOTE RECEIVED		
3/24	FISCAL NOTE PRINTED		
3/24	3RD READING PASSED	51	47
	TRANSMITTED TO SENATE		
3/26	FIRST READING		
3/26	REFERRED TO TAXATION		
4/05	HEARING		
4/20	COMMITTEE REPORT—BILL CONCURRED		
4/20	ON MOTION RULES SUSPENDED TO PLACE ON 2ND READING THIS DAY		
4/20	2ND READING CONCURRED	28	21
4/20	ON MOTION RULES SUSPENDED TO PLACE ON 3RD READING THIS DAY	49	0
4/20	3RD READING CONCURRED	28	21
	RETURNED TO HOUSE		
4/20	SIGNED BY SPEAKER		
4/20	SIGNED BY PRESIDENT		
4/20	TRANSMITTED TO GOVERNOR		
4/22	RETURNED TO HOUSE WITH GOVERNOR'S AMENDMENTS		
4/22	2ND READING GOVERNOR'S AMENDMENTS NOT CONCURRED	90	10
	TRANSMITTED TO SENATE		
4/22	ON MOTION RULES SUSPENDED TO PLACE ON 2ND READING THIS DAY		
4/22	2ND READING GOVERNOR'S AMENDMENTS CONCURRED	43	7
4/22	ON MOTION RULES SUSPENDED TO PLACE ON 3RD READING THIS DAY	47	1
4/22	3RD READING GOVERNOR'S AMENDMENTS CONCURRED	41	7
	HOUSE		
4/23	FREE CONFERENCE COMMITTEE APPOINTED		
4/24	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/24	MOTION TO ADOPT FREE CONFERENCE COMMITTEE REPORT NO. 1 ON 2ND READING FAILED	50	50
4/24	RECONSIDERED PREVIOUS ACTION	70	26
4/24	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	52	48
4/24	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	51	49
	SENATE		
4/22	FREE CONFERENCE COMMITTEE APPOINTED		
4/24	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/24	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	29	20
4/24	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	28	21
4/28	SIGNED BY SPEAKER		
4/28	SIGNED BY PRESIDENT		
4/29	TRANSMITTED TO GOVERNOR		
5/11	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 634		
	EFFECTIVE DATE: 05/11/93		

agency recognized the oil and gas industry paid a significant portion of this tax and felt those monies should go to the oil and gas industry. All of the money requested by the oil and gas industry was granted.

Closing Statement by Sponsor:

REP. BERGSAGEL said the reason for the bill is to ensure the money paid by resource industries is used for reclamation of land and natural resources. He said REP. FELAND's the Long-Range Planning Subcommittee took a hard look at the projects and they specified the money should be spent on reclamation projects and environmental concerns. When the Subcommittee members discovered RITT money was used for lawsuits and the operation of general government they decided to introduce this bill. He encouraged a favorable recommendation by the Committee.

CHAIRMAN GILBERT RELINQUISHED THE CHAIR TO VICE CHAIRMAN FOSTER
IN ORDER TO PRESENT HB 671

HEARING ON HB 671

Opening Statement by Sponsor:

REP. BOB GILBERT, HD 22, Sidney, said he and REP. JIM ELLIOTT are co-sponsors of the bill. He said they would both present portions of the bill. This is a bipartisan income tax bill resulting from a long and arduously negotiated compromise. He said none of the sponsors were overly enamored with the bill but an agreement had to be reached in order to fund the 1994-95 budget. He said it was not wise political action to set a budget and then hope the public would pass a tax reform policy to fund it. If the tax reform proposal fails, the Legislature would have to meet in special session. He said HB 671 attempts to raise approximately \$58-60 million from income tax adjustments and increases.

REP. GILBERT said the bill would not be used to raise additional dollars above the \$99 million under any circumstances. Pet projects will not be funded by attempts to amend HB 671. He said the bill contains a 7.5% flat tax, it changes the exemptions and deductions, and includes a one time tax credit provision for those who might sell their business or farm because the bill has eliminated federal deductibility and there is no longer a capital gains provision. He said they wanted to have some way of lessening the tax burden on those people.

REP. JIM ELLIOTT, HD 51, Trout Creek, said he, REP. GILBERT, and SPEAKER MERCER had worked on the bill and realized that differing parties and political philosophies would disagree on some issues and agree on others, but would reach a compromise to the benefit of the state of Montana. He said there were two basic components to the bill: 1) the corporate income tax, and 2) the individual income tax. Previously, when the state has been in financial trouble and the Legislature has applied income tax surcharges, they have been applied equally to corporations and individuals. He said Subchapter S Corporations' filing fees will be raised from \$10 to \$25; C Corporations would have their minimum fee increased from \$50 to \$100, corporations with a taxable income under \$500,000 would see no change in their taxable rate, and corporations with taxable income over that amount would be charged at a rate of 7.25%. Those provisions in HB 671 are expected to raise \$2.7 million annually, or \$5.4 million in the biennium.

The individual income tax portion of the bill is the 7.5% flat tax on Montana adjusted gross income and is based on the income tax portion of the sales tax bill, SB 235. The individual deduction is \$5,000, married \$10,000, head-of-household \$7500, and each exemption is \$3500. There is a new two-earner deduction of 10% of the Montana adjusted gross income up to \$3000. There are no itemized deductions. They felt the high level standard deduction makes up for that, especially in the lower income brackets. The bill contains a tax credit for the sale of a business to offset the loss of the federal deductibility. That is a maximum one-time tax credit of \$24,750 up to \$1 million net gain. This begins to phase out at \$1 million and by \$3 million it is completely gone under the two for one phase-out.

REP. ELLIOTT said it is important to point out the great difference between the revenue the bill will bring to the state and what it will cost the citizens of the state. In calendar year 1993 (the bill is retroactive to January of 1993) there would be an increase to the state of \$29.4 million. This includes part-year residents and other non-traditional taxpayers. At the same time, there is a tax increase to full-time Montana residents of \$17.8 million. The reason for that difference, which amounts to \$11.6 million or 36% of the total revenue raised for the state, is that the federal government will be paying that tax. They pay that tax through what is known as the federal offset which is an instrument that is discussed very little, but an important concept to remember. The federal offset is the refund or the lowering of federal taxes due to the increase in the amount of Montana taxes deductible from federal income. Montana taxpayers can deduct Montana state income taxes from federal taxes which lowers the Montana taxable income on the federal scale. A tax increase in the state of Montana will increase the amount of income that can be deducted from federal taxes. As the amount of income that can be deducted from

federal taxes is increased, the federal tax is decreased. The net result of that federal offset is what the Montana taxpayer will pay. The sales tax does not offer that same mechanism to the taxpayer.

REP. ELLIOTT also discussed the rate of the proposed tax. The rate of the tax is the amount of tax an individual pays divided by gross income. He said they figured this rate to the rate of tax paid, less the federal offset, so the real amount of increase to the Montana taxpayer is divided by that taxpayer's gross income. He said the current effective rate is 4.4% and with HB 671 it would raise to 5.06%.

REP. ELLIOTT said the bill has been a bipartisan effort and is still subject to change. The negotiations on the bill are very delicate and he hoped that histrionics and partisanship on the part of opponents would not be evident. If so, it would be a great disservice to the state of Montana.

Proponents' Testimony:

Denis Adams, former Director of the Department of Revenue (DOR), read his written testimony. EXHIBIT 5

Verbatim Testimony of Rick Hill, representing the Governor's Office, follows:

Mr. Chairman, Members of the Committee, for the record my name is Rick Hill and I'm here as a representative of the Governor's Office.

Mr. Chairman, the Governor applauds the efforts of this committee and of the House of Representatives in trying to fashion a permanent and lasting solution to the budget situation and the 99/99 solution as it is being discussed. The Administration has worked hard, I think, with the House of Representatives to try to help fashion solutions to the problems, both dealing with the spending side and the revenue side of the equation. However, in the process, as well, the Administration has reserved the right to express its concern and reservations if it felt as though its input was advised. We do support the income tax as part of the 99/99 solution and we do not have a quarrel with the amount of income tax that we're trying to generate to balance the budget.

However, the Administration does have some reservations about the structure of the proposal that is before you and has prepared an alternative concept for you to consider and I would like to pass those out if I could. EXHIBIT 6

Again, I would like to respond to REP. ELLIOTT'S comments in regard to the sensitivity of the issue and the Administration is very sensitive to the fact that it is going to take bipartisan cooperation to work ourselves through this. However, we would like this alternative considered.

I will just recap, briefly, what those changes would be to the current proposal and then the Director of the Department of Revenue is here if you have any questions about that.

What we would propose is the following changes: the tax rate, instead of being 7.5%, would be 6.9%. We would propose that the standard deduction be phased in as a percent - 30% - of adjusted gross income, subject to the same caps that are in the current bill. And also, at the upper end, beginning at \$130,000 continuing on to \$200,000 the standard deductions and the standard exemptions would be phased out.

With that, Mr. Chairman, I conclude my testimony.

Opponents' Testimony:

Dennis Burr, representing the Montana Taxpayers Association, asked the Committee to consider some concerns regarding changes in personal and corporate income tax. In Montana there are extremely high marginal rates that are offset by the federal tax deductibility. To a certain extent, this bill changes that. The fact that Montana does not allow deductions for federal taxes paid has a significant effect on corporate taxes. If corporate income taxes must be raised, this bill does it the correct way, by raising the rate and not getting involved with deductions. In Montana, the only place to go for state tax increases of any appreciable amount is the personal income tax. He said 47% of the people would gain and 48% would lose under the provisions of HB 671. People with high itemized deductions would end up paying more. Two-income families would also be hit harder than they are currently. He said in order to raise the needed dollars, he would prefer an income surcharge of approximately 10%. If it has to be a permanent increase, the rate should be raised 10% in each bracket. This would maintain the income tax system. He said SB 235 does about what HB 671 does but with lower rates. SB 235 reduces income taxes approximately \$50 million, HB 671 increases income taxes about \$30 million. He said both bills also eliminate income taxes for large number of Montanans. With SB 235 imposing a sales tax, we are broadening the number of people who would be paying tax under that proposal while reducing the number significantly under HB 671. The Montana taxpayer is also subject to county and school district taxes. He said the legislature had only cut \$39 million in the school foundation program, which simply pushes those additional costs on to school districts. He said the legislature has gone a long way towards the \$99 million in increased taxes and this could put them over that amount.

Questions From Committee Members and Responses:

REP. ELLIOTT said the dollar figure raised by this bill is not used as a base for the 7% solution. He said there would be an amendment presented to address this.

REP. McCAFFREE asked REP. ELLIOTT to briefly address the Montana Consumer Price Index (CPI). REP. ELLIOTT said the Montana CPI would be a fraction of the federal CPI. He said they felt they needed to get away from the federal CPI because costs in Montana do not rise with the national average, but at about 50% of the national average.

REP. REAM asked if HB 671 would be hitting single taxpayers harder than they were previously.

REP. ELLIOTT said in general, single taxpayers under age 65 with no dependents would have a tax increase. At an income level of approximately \$14,000 there would be a slight increase which would rise commensurately with income. The head-of-household exemption remains at \$7500, is not subject to the lower deduction, and would also have the added exemption for children.

REP. REAM said currently the individual income tax brings in about \$300 million per year and the corporation tax about \$66 million. HB 671 does not contain a proportionate increase in the corporation license tax.

Closing Statement by Co-Sponsors:

REP. GILBERT thanked REP. ELLIOTT for his efforts and also thanked the other people who worked on HB 671. He thanked DOR for their extraordinary efforts to accommodate the sponsors requests for information.

He said they were aware of the Governor's proposal presented by Rick Hill, and said they were willing to look at it but it has some serious problems. He said he respected Mr. Burr's position and recognized that Mr. Burr would like to see tax reform; they would all like to see tax reform. Unfortunately, there are different interpretations of tax reform and there wasn't time to discuss them. This bill was not intended to be tax reform, but to get the state funded for the next two years in the event that tax reform is not a reality. He said the bill is not pretty, but it is real. The legislature has to work for tax reform, but in the meantime there must be something in place.

REP. ELLIOTT responded to some issues that had been raised during the hearing. In response to REP. REAM'S concerns regarding the single filer, he said the single filers in Montana account for 42% of the tax returns. As a class, their tax, after the federal offset, would increase \$7.6 million. At the same time, 45% of single filers would see a decrease in their tax and 22% would see no change under this proposal.

REP. ELLIOTT pointed out that Montana ranks below the national average in corporate taxes with a 6.75 rate, and well below some of the surrounding states. He said in the past 10 years, the corporate income tax expressed as a percentage of personal income tax declined by 24%, while during that same time, the personal

income share of Montana taxation had risen by 22%. At the same time, the overall total tax share in the state on individuals declined by .08%.

REP. ELLIOTT said he and REP. GILBERT felt the surcharge was not the way to go because, while it raises everyone's taxes by the same proportion, it raises low and middle income taxes disproportionately to the increase in upper level income taxes. In the past, Montana has been bailed out by low and middle income Montanans. He said HB 671 changes that pattern.

He said he and REP. GILBERT found they were incredibly close philosophically in some areas; they did not want to hurt the little guy and they did not think it was unduly burdensome for the wealthy Montanans to pay a little more. He said there were portions of the bill that neither of them liked but he hoped their efforts would not be in vain.

CHAIRMAN GILBERT REASSUMED THE CHAIR.

ADJOURNMENT

Adjournment: The meeting adjourned at 11:00 a.m.


REP. BOB GILBERT, Chairman


JILL ROHYANS, Secretary

The minutes were written by Louise Sullivan and edited and proofed for content by Jill Rohyans.

BG/jdr/lis

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL

DATE

3/17/03

NAME	PRESENT	ABSENT	EXCUSED
REP. GILBERT, CHAIRMAN	✓		
REP. FOSTER	✓		
REP. HARRINGTON			✓
REP. ANDERSON	✓		
REP. BOHLINGER	✓		
REP. DOLEZAL	✓		
REP. DRISCOLL	✓		
REP. ELLIOTT	✓		
REP. FELAND	✓		
REP. HANSON	✓		
REP. HARPER	✓		
REP. HIBBARD	✓		
REP. KELLER	✓		
REP. McCAFFREE	✓		
REP. MCCARTHY	✓		
REP. NELSON	✓		
REP. ORR	✓		
REP. PANEY	✓		
REP. REAM	✓		
REP. TUNBY	✓		

EXHIBIT 5
DATE 2/17/93
HB 671

H.B. 671 - REVISING INCOME TAX LAWS
TESTIMONY BEFORE HOUSE TAXATION COMMITTEE
March 17, 1993

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. FOR THE RECORD MY NAME IS DENIS ADAMS. THIS BILL CAN BEST BE CHARACTERIZED AS THE MOST DESIRABLE OPTION FROM A NUMBER OF UNDESIRABLE OPTIONS. I HAVE NEVER BEEN KNOWN AS AN ADVOCATE OF INCREASED RELIANCE ON INCOME TAXES TO FUND STATE GOVERNMENT. I STILL DO NOT ADVOCATE THAT POSITION. BUT I AM A REALIST. I DO NOT EXPECT THE LEGISLATURE TO MAKE GREATER CUTS THAN PROPOSED BY THE HOUSE. THAT MEANS THERE IS A NEED FOR ADDITIONAL REVENUE. AT THIS TIME I AM VERY SKEPTICAL THAT A SALES TAX WILL PASS A VOTE OF THE PEOPLE ON JUNE 8. SO WHAT ARE THE OPTIONS. WHAT BACKUP PLAN WILL BECOME LAW IF THE SALES TAX IS NOT PASSED. THE BACKUP PLAN IS EXTREMELY IMPORTANT. I HAVE LOOKED AT THE VARIOUS BACKUP PLANS DISCUSSED TO DATE AND I CONSIDER HOUSE BILL 671 TO BE THE MOST ACCEPTABLE.

WITHOUT A SALES TAX, THERE ARE ONLY TWO POTENTIAL SOURCES OF REVENUE WHICH CAN GENERATE ENOUGH MONEY TO ALLEVIATE A LARGE PORTION OF THE SHORTFALL - PROPERTY TAXES AND INCOME TAXES. PROPERTY TAXES CAN BE RULED OUT VERY QUICKLY. OUR BUSINESS PROPERTY TAXES, WHICH INCLUDE NATURAL RESOURCE TAXES, ARE ALREADY AMONG THE HIGHEST IN THE COUNTRY AND CANNOT TAKE ANY MORE INCREASE AND, IN FACT, SHOULD BE REDUCED. ANY PROPOSED INCREASES IN RESIDENTIAL PROPERTY TAXES ENCOUNTER A REAL BUZZ SAW BECAUSE OF THE IMPACT ON LOW INCOME AND FIXED INCOME TAXPAYERS.

SO THAT BRINGS US TO INCOME TAXES. IN THE LAST TWO SPECIAL SESSIONS AND THE LAST REGULAR SESSION OF THE LEGISLATURE, THERE WERE MANY PROPOSALS TO REVISE INCOME TAX LAWS. THE DEBATES ON THOSE PROPOSALS WERE VERY HEATED AT TIMES. HOUSE BILL 671 IS A NEW APPROACH TO TAXING INCOME IN MONTANA AND REMOVES THE DEBATE FROM SOME OF THE MORE CONTENTIOUS ISSUES OF PRIOR SESSIONS.

I WILL NOW DISCUSS SOME OF THE REASONS I CONSIDER THIS BILL

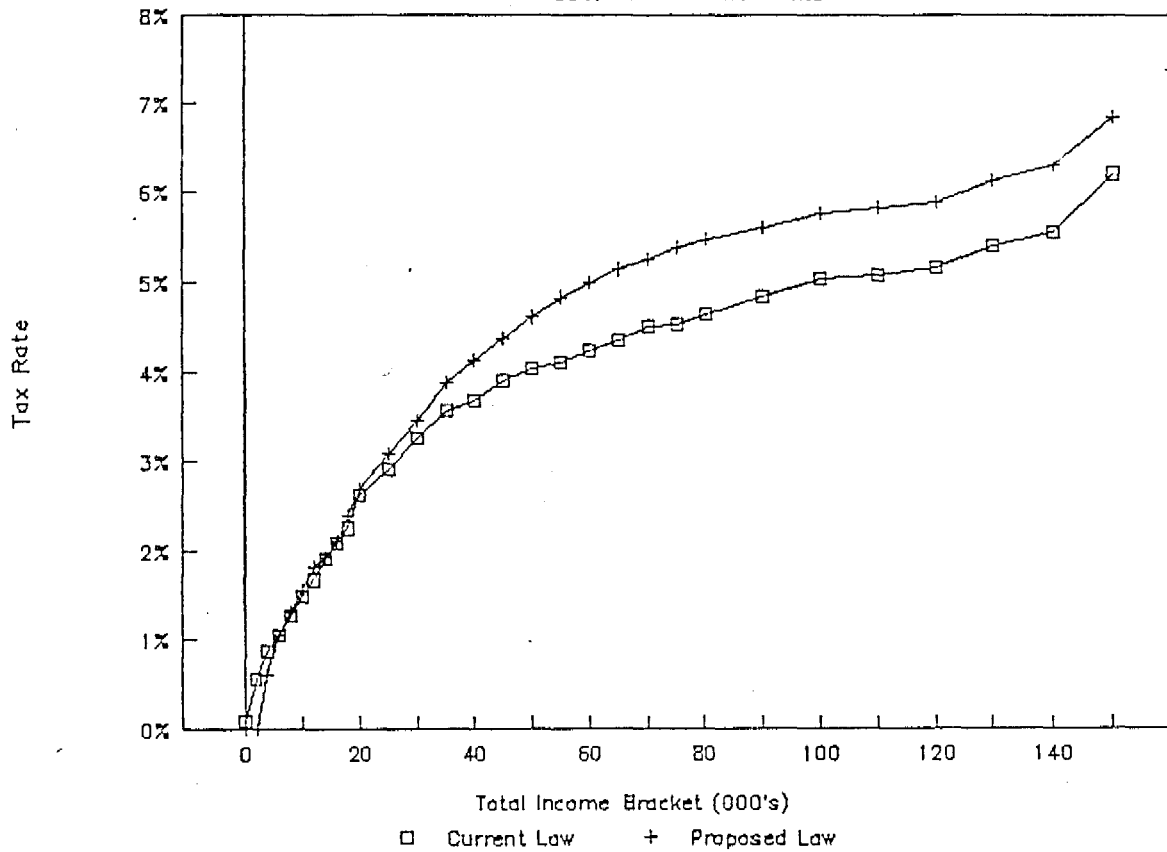
EXHIBIT # 5
DATE 3-17-93
HB-671

3. THIS BILL RESOLVES ANOTHER ISSUE - UPPER INCOME TAXPAYERS WHO PAY NO MONTANA INCOME TAX BECAUSE OF ITEMIZED DEDUCTIONS. THE SCHEDULES PREPARED BY THE DEPARTMENT OF REVENUE SHOW THAT 59 TAXPAYERS WITH INCOMES IN EXCESS OF \$65,000 WHO PAY NO TAX UNDER CURRENT LAW WILL BE PAYING TAX UNDER THE PROPOSED LAW. SURTAXES DO NOT ADDRESS THIS ISSUE.

IF I HAD DRAFTED THIS BILL, I WOULD HAVE MADE ADDITIONAL CHANGES. BUT THIS IS STILL A BILL I CAN SUPPORT. I ENCOURAGE THE COMMITTEE GIVE THIS BILL AS AMENDED A "DO PASS" RECOMMENDATION.

AVERAGE INCOME TAX RATES

Tax Year 1993, Full-Year Residents



Tax Rate: 6.9%

Revenue (FYE): \$33.2 million
Revenue (ALL): \$34.9 million } TY93

Phaseout PE/SD between \$130-200K

Gainers: 120,897

Losers: 143,504

No Tax - CL: 47,998

" " - PL: 93,104
45,106

Surtax needed to get \$14.28 million:

4.3%

BX	Total Income	No. of Hshlds.	CL Tax	PL Tax	Tax Rates:	
					CL Tax Rate	PL Tax Rate
<0	(177,674,310)	5,184	0	0		
0	23,447,880	20,088	19,232	0	0.08%	0.00%
2	64,597,176	21,546	354,476	742	0.55%	0.00%
4	91,868,580	18,468	790,733	547,607	0.86%	0.60%
6	118,638,918	17,010	1,243,131	1,238,066	1.05%	1.04%
8	168,044,544	18,630	2,114,651	2,190,753	1.26%	1.30%
10	177,124,148	16,080	2,620,894	2,734,194	1.48%	1.54%
12	185,140,662	14,286	3,106,182	3,384,377	1.68%	1.83%
14	210,896,380	14,056	4,018,768	4,076,779	1.91%	1.93%
16	222,094,204	13,088	4,634,040	4,699,608	2.09%	2.12%
18	229,927,114	12,170	5,173,542	5,525,571	2.25%	2.40%
20	593,473,538	26,368	15,470,682	15,974,413	2.61%	2.69%
25	624,388,966	22,800	18,125,786	19,303,611	2.90%	3.09%
30	598,717,404	18,468	19,507,246	20,757,944	3.26%	3.47%
35	594,872,990	15,890	21,311,526	23,035,519	3.58%	3.87%
40	609,335,472	14,368	22,467,884	25,116,844	3.69%	4.12%
45	548,067,225	11,559	21,385,542	24,001,052	3.90%	4.38%
50	487,935,610	9,300	19,726,673	22,470,743	4.04%	4.61%
55	352,685,907	6,146	14,444,387	17,012,844	4.10%	4.82%
60	322,605,008	5,178	13,681,746	16,071,841	4.24%	4.98%
65	236,497,873	3,508	10,265,345	12,146,903	4.34%	5.14%
70	182,095,246	2,516	8,192,697	9,589,687	4.50%	5.27%
75	143,952,442	1,862	6,471,111	7,755,514	4.50%	5.39%
80	210,822,610	2,496	9,788,614	11,542,657	4.64%	5.48%
90	149,339,708	1,579	7,216,387	8,387,367	4.83%	5.62%
100	109,524,438	1,045	5,516,416	6,319,849	5.04%	5.77%
110	87,782,390	765	4,462,671	5,118,556	5.08%	5.83%
120	76,534,589	613	3,954,002	4,510,188	5.17%	5.89%
130	60,543,348	449	3,274,359	3,725,147	5.41%	6.15%
140	52,931,376	366	2,943,886	3,347,977	5.56%	6.33%
150	785,647,268	2,526	48,882,946	53,781,793	6.22%	6.85%
Totals	8,141,858,704	318,408	301,165,555	334,368,146	3.70%	4.11%
Change in Tax				33,202,591		

House Tax Income Tax Proposal -- All Households -- Calendar Year 1993

DATE 3-17-93 15-Mar-93

31-48671

Income Bracket			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	20,088	23,447,880	19,232	19,232	0	0	648	0	19,440	15,228	20,088	3.23%	0.00%	0.08%	0.00%	0.01%	0.00%	(1)
2,000 - 4,000	21,546	64,597,176	354,476	354,476	742	742	15,228	0	6,318	5,345	21,222	0.55%	0.00%	0.55%	0.00%	0.12%	0.00%	(16)
4,000 - 6,000	18,468	91,368,580	790,733	790,733	547,607	547,607	10,692	1,944	5,832	5,022	8,424	57.89%	10.53%	0.86%	0.60%	0.26%	0.16%	(13)
6,000 - 8,000	17,010	118,638,918	1,243,131	1,243,131	1,238,066	1,238,066	4,212	7,614	5,184	4,698	8,262	24.76%	44.76%	1.05%	1.04%	0.61%	0.37%	(2)
8,000 - 10,000	18,830	168,044,544	2,113,860	2,113,860	2,190,753	2,185,394	6,966	8,424	3,240	3,240	8,100	37.39%	45.22%	1.26%	1.30%	0.70%	0.66%	4
10,000 - 12,000	17,124	217,124,148	2,602,598	2,602,598	2,734,194	2,702,549	7,080	8,898	2,102	1,818	5,602	44.03%	42.90%	1.47%	1.53%	0.87%	0.82%	7
12,000 - 14,000	14,286	185,140,662	3,106,182	3,106,178	3,384,377	3,341,640	5,740	7,334	1,212	1,616	3,388	40.18%	51.34%	1.67%	1.80%	1.03%	1.01%	19
14,000 - 16,000	14,056	210,896,380	4,018,768	4,018,768	4,168,779	4,015,728	6,168	6,882	1,008	1,125	3,570	43.88%	48.96%	1.89%	1.90%	1.33%	1.22%	4
16,000 - 18,000	13,068	222,094,204	4,634,040	4,573,288	4,699,608	4,592,781	5,802	6,240	1,046	1,046	3,128	44.33%	47.68%	2.08%	2.07%	1.54%	1.41%	5
18,000 - 20,000	12,170	229,927,114	5,173,542	5,062,250	5,165,571	5,062,250	5,164	5,604	402	544	2,004	42.43%	54.26%	2.21%	2.33%	1.72%	1.65%	29
20,000 - 25,000	26,368	593,473,538	15,470,682	15,116,773	15,974,413	15,417,001	12,522	12,960	885	1,006	1,928	47.49%	49.15%	2.55%	2.50%	5.14%	4.78%	19
25,000 - 30,000	22,800	614,388,966	18,125,786	17,452,590	19,303,611	18,315,918	10,780	11,050	970	792	914	47.28%	48.46%	2.80%	2.92%	6.02%	5.77%	52
30,000 - 35,000	16,468	598,717,404	19,507,246	18,688,562	20,757,944	18,997,878	8,086	10,088	294	434	286	43.79%	54.62%	3.03%	3.17%	5.48%	5.21%	68
35,000 - 40,000	15,890	564,872,990	21,311,526	19,649,943	23,035,519	20,939,685	6,284	9,258	338	184	162	39.55%	58.33%	3.30%	3.52%	7.08%	5.89%	103
40,000 - 45,000	14,368	609,335,472	22,467,884	20,555,122	25,116,844	22,727,902	4,934	9,184	250	294	242	34.34%	63.92%	3.37%	3.73%	7.46%	7.51%	184
45,000 - 50,000	11,558	546,067,225	21,385,542	18,999,819	24,001,052	21,134,367	3,256	8,199	104	162	0	28.17%	70.93%	3.47%	3.66%	7.10%	7.18%	226
50,000 - 55,000	9,300	487,935,810	19,726,873	18,485,426	22,470,743	18,620,837	2,089	7,121	90	37	0	22.46%	76.57%	3.38%	3.62%	6.55%	6.72%	295
55,000 - 60,000	6,146	352,665,907	14,444,387	11,699,520	17,012,844	13,656,299	1,254	4,652	30	22	0	20.40%	79.11%	3.32%	3.67%	4.80%	5.09%	416
60,000 - 65,000	5,178	322,605,008	13,681,746	10,874,864	16,071,841	12,712,158	915	4,248	15	0	0	17.87%	82.04%	3.37%	3.94%	4.54%	4.81%	462
65,000 - 70,000	3,508	226,497,878	10,085,246	8,032,187	12,146,903	9,446,292	512	2,974	22	44	0	14.60%	84.78%	3.46%	3.69%	3.41%	3.63%	536
70,000 - 75,000	2,516	182,095,246	8,192,597	6,458,406	9,589,687	7,496,726	413	2,096	7	4	0	16.41%	83.31%	3.55%	4.12%	2.73%	2.87%	455
75,000 - 80,000	1,862	143,952,442	6,471,111	5,070,681	7,755,514	6,067,132	269	1,584	9	0	0	14.45%	85.57%	3.53%	4.21%	2.16%	2.32%	690
80,000 - 90,000	2,496	210,822,510	9,788,514	7,607,038	11,542,657	8,520,980	416	2,074	6	0	0	16.67%	83.09%	3.61%	4.23%	3.25%	3.45%	703
90,000 - 100,000	1,579	149,339,708	7,216,387	5,620,890	8,387,367	6,501,495	270	1,306	3	5	0	17.10%	82.71%	3.78%	4.25%	2.43%	2.51%	742
100,000 - 110,000	1,045	109,524,438	5,516,416	4,187,368	6,319,849	4,779,585	213	829	3	1	0	20.38%	79.33%	3.82%	4.36%	1.89%	1.89%	759
110,000 - 120,000	765	87,782,390	4,462,671	3,337,961	5,518,556	3,825,135	171	593	1	2	0	22.35%	77.52%	3.80%	4.36%	1.48%	1.53%	857
120,000 - 130,000	613	76,534,589	3,964,002	2,947,681	5,016,188	3,363,306	137	474	2	4	0	22.25%	77.32%	3.85%	4.39%	1.31%	1.35%	907
130,000 - 140,000	449	60,543,348	3,274,359	2,404,823	3,725,147	2,735,006	93	353	3	1	0	20.71%	78.52%	3.97%	4.52%	1.09%	1.11%	1,004
140,000 - 150,000	366	52,931,378	2,943,686	2,208,194	3,347,977	2,509,638	73	290	3	2	0	19.95%	79.23%	4.17%	4.74%	0.98%	1.00%	1,104
150,000 & Above	2,326	785,647,268	49,882,946	35,324,031	53,781,793	38,749,354	510	2,011	5	21	0	20.19%	79.61%	4.48%	4.93%	16.23%	16.08%	1,939
TOTALS	312,224	8,319,533,014	301,165,557	255,956,271	334,368,149	280,906,431	120,897	143,504	48,823	42,814	87,920	38.50%	45.82%	3.08%	3.38%	100.00%	100.00%	106

Decile Group			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	31,590	52,974,162	164,224	164,224	0	0	9,072	0	22,518	17,820	31,590	28.72%	0.00%	0.31%	0.00%	0.05%	0.00%	(5)
2	30,942	142,008,876	1,173,220	1,173,220	708,215	706,215	18,306	3,240	9,396	8,100	19,116	59.16%	10.47%	0.83%	0.50%	0.21%	0.16%	191
3	31,428	253,979,388	2,952,750	2,951,959	3,060,137	3,054,777	9,396	14,094	7,938	7,452	14,742	29.90%	44.65%	1.16%	1.20%	0.98%	0.92%	3
4	31,386	369,274,730	5,857,429	5,825,453	6,195,817	6,124,370	13,552	14,560	3,274	3,314	9,878	43.18%	46.39%	1.58%	1.66%	1.94%	1.85%	11
5	31,308	505,573,432	10,175,881	10,051,816	10,452,926	10,227,827	13,692	15,282	2,334	2,494	7,460	43.73%	48.81%	1.99%	2.02%	3.38%	3.13%	9
6	31,378	668,710,916	16,669,766	16,325,027	17,280,008	16,721,666	14,364	15,804	1,208	1,570	3,532	45.78%	50.37%	2.44%	2.50%	5.54%	5.17%	19
7	31,444	866,566,314	25,576,234	24,500,814	27,282,036	25,734,407	14,790	15,662	992	854	914	47.04%	49.81%	2.33%	2.97%	8.49%	8.16%	54
8	31,256	1,043,832,074	38,512,249	35,627,506	41,436,531	37,754,308	12,816	17,830	510	596	448	41.00%	57.05%	3.19%	3.38%	12.79%	12.39%	94
9	31,348	1,459,458,992	56,280,101	49,805,763	63,179,524	55,385,834	9,222	21,682	444	493	242	29.42%	69.17%	3.41%	3.79%	18.68%	18.90%	271
10	31,146	2,845,052,130	143,823,703	130,589,489	164,772,955	125,195,030	5,667	25,350	109	121	0	18.25%	81.39%	3.80%	4.34%	47.76%	49.28%	623
10A	10,603	610,569,511	25,190,790	20,334,987	25,533,492	23,655,565	2,175	8,383	45	22	0	20.51%	79.06%	3.33%	3.67%	8.36%	8.63%	410
10B	10,216	702,702,414	30,827,143	24,281,253	36,412,375	28,531,825	3,461	8,621	34	48	0	15.28%	84.39%	3.46%	4.06%	10.24%	10.89%	547
10C	10,327	1,571,780,205	87,825,451	64,914,249	98,827,088	73,007,640	1,951	8,346	30	51	0	18.82%	80.82%	4.12%	4.64%	29.16%	29.56%	1,067
TOTAL	312,224	8,319,533,014	301,165,557	255,956,271	334,368,149	280,906,431	120,897	143,504	48,823	42,814	87,920	38.50%	45.82%	3.08%	3.38%	100.00%	100.00%	106

House Tax Income Tax Proposal -- Single Filers -- Calendar Year 1993

Income Bracket		Total Income	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates (After Federal Offset)		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Brackets	Number of Households		Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	Number of No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	17,820	21,031,326	13,435	13,435	0	0	486	0	17,334	13,122	17,820	2,733	0.00%	0.06%	0.00%	0.02%	0.00%	(1)
2,000 - 4,000	17,858	52,053,030	329,813	329,813	742	742	14,258	0	3,402	2,754	17,334	80.73%	0.00%	0.63%	0.00%	0.60%	0.00%	(19)
4,000 - 6,000	14,580	72,053,388	721,663	721,663	513,285	513,285	9,234	1,820	3,726	2,916	5,022	63.33%	11.11%	1.00%	0.71%	1.31%	0.77%	(14)
6,000 - 8,000	11,016	77,302,336	1,066,233	1,066,233	1,173,553	1,173,553	1,782	7,128	2,106	1,782	2,754	18.18%	64.71%	1.33%	1.52%	1.93%	1.75%	10
8,000 - 10,000	10,358	97,268,584	1,582,857	1,582,066	1,977,632	1,972,273	1,458	8,100	810	810	2,106	14.06%	78.13%	1.70%	2.11%	2.87%	2.96%	38
10,000 - 12,000	9,164	100,614,730	1,895,937	1,883,765	2,347,584	2,316,935	2,220	6,378	566	444	1,092	24.23%	69.60%	1.87%	2.30%	3.43%	3.52%	49
12,000 - 14,000	7,420	95,680,432	2,060,635	2,044,298	2,617,705	2,584,818	1,176	6,132	162	160	324	15.18%	82.64%	2.14%	2.70%	3.73%	3.92%	75
14,000 - 16,000	6,244	83,453,242	2,455,735	2,435,491	2,873,273	2,832,889	1,002	5,082	160	160	150	16.05%	81.39%	2.61%	3.03%	4.45%	4.31%	67
16,000 - 18,000	4,962	83,895,316	2,420,400	2,379,144	2,942,999	2,868,694	480	4,260	202	242	162	9.67%	86.25%	2.84%	3.42%	4.38%	4.41%	105
18,000 - 20,000	5,244	98,966,964	3,072,463	3,007,029	3,698,202	3,580,800	440	4,642	162	242	162	8.39%	86.52%	3.04%	3.82%	5.57%	5.54%	119
20,000 - 25,000	8,754	196,777,380	6,960,163	6,781,203	8,395,847	8,100,971	560	7,880	324	444	324	6.39%	89.91%	3.45%	4.12%	12.59%	12.58%	155
25,000 - 30,000	5,846	159,936,414	6,170,345	5,845,482	7,825,807	7,309,054	912	4,802	132	84	0	15.60%	82.14%	3.65%	4.57%	11.18%	11.73%	233
30,000 - 35,000	3,962	129,273,950	5,072,959	4,376,942	6,621,278	5,632,289	482	3,358	162	278	162	11.60%	84.33%	3.41%	4.39%	9.19%	9.92%	389
35,000 - 40,000	2,424	88,719,992	3,710,592	3,171,756	4,721,365	3,968,912	220	2,020	184	184	162	9.08%	83.33%	3.54%	4.42%	6.72%	7.08%	417
40,000 - 45,000	1,474	87,590,352	2,787,470	2,408,172	3,558,054	3,013,758	198	1,275	0	0	0	13.43%	86.57%	3.85%	4.82%	5.05%	5.33%	523
45,000 - 50,000	775	36,656,444	1,710,021	1,419,867	2,145,383	1,758,062	52	723	0	0	0	6.71%	93.29%	3.87%	4.81%	3.10%	3.22%	562
50,000 - 55,000	726	36,020,259	1,912,916	1,610,810	2,252,428	1,884,278	127	599	0	15	0	17.49%	82.51%	4.24%	4.96%	3.47%	3.38%	468
55,000 - 60,000	352	20,225,517	987,665	787,215	1,196,190	950,162	30	322	0	0	0	8.52%	91.48%	3.89%	4.70%	1.79%	1.78%	552
60,000 - 65,000	255	15,915,405	716,024	570,062	911,560	727,718	0	255	0	0	0	0.00%	100.00%	3.56%	4.57%	1.30%	1.37%	757
65,000 - 70,000	202	13,827,910	742,990	620,951	853,933	706,700	10	192	0	1	0	4.95%	95.05%	4.56%	5.19%	1.35%	1.28%	544
70,000 - 75,000	167	12,185,033	588,696	454,179	748,521	586,751	12	155	0	0	0	7.19%	92.81%	3.81%	4.82%	1.07%	1.12%	957
75,000 - 80,000	104	8,038,073	439,894	355,334	514,069	412,129	15	87	2	1	0	14.42%	83.65%	4.42%	5.13%	0.80%	0.77%	713
80,000 - 90,000	210	17,874,522	875,657	682,535	1,029,755	791,667	45	164	1	1	0	21.43%	78.10%	3.82%	4.43%	1.59%	1.54%	733
90,000 - 100,000	91	11,312,956	592,312	471,921	709,923	558,705	23	96	0	2	0	19.33%	80.67%	4.17%	4.94%	1.07%	1.06%	888
100,000 - 110,000	91	9,474,611	504,913	395,627	593,441	461,310	19	72	0	0	0	20.88%	79.12%	4.18%	4.87%	0.91%	0.89%	973
110,000 - 120,000	47	5,373,821	295,021	221,830	332,519	247,353	11	36	0	0	0	23.40%	76.60%	4.13%	4.80%	0.53%	0.50%	788
120,000 - 130,000	54	6,744,153	373,318	279,997	427,016	318,484	9	45	0	0	0	15.67%	83.33%	4.15%	4.72%	0.68%	0.64%	994
130,000 - 140,000	48	6,485,579	347,704	263,622	406,746	308,136	12	35	1	1	0	25.00%	75.00%	4.06%	4.75%	0.63%	0.61%	1,230
140,000 - 150,000	34	4,970,355	268,986	208,294	326,811	254,732	6	28	0	2	0	17.65%	82.35%	4.23%	5.18%	0.49%	0.49%	1,701
150,000 - & Above	259	77,253,501	1,533,064	1,289,137	5,009,958	3,624,887	75	183	1	25	0	28.96%	70.66%	4.28%	4.69%	8.21%	7.51%	1,845
TOTALS	130,409	1,709,696,275	55,158,881	49,657,734	56,725,579	59,470,058	35,282	65,690	29,437	24,065	47,584	27.05%	50.37%	2.91%	3.48%	100.00%	100.00%	88

Decile Group		Total Income	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates (After Federal Offset)		Percent of Total State Liability		Dollar
Decile Group	Number of Households		Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	Change in Avg. Liability
1	27,702	46,280,322	152,881	152,881	0	0	8,586	0	19,115	14,580	27,702	30.99%	0.00%	0.33%	0.00%	0.28%	0.00%	(16)
2	23,976	108,910,980	1,054,536	1,054,536	656,994	656,994	15,714	2,754	5,508	4,374	12,798	65.54%	11.49%	0.97%	0.60%	1.91%	0.98%	(17)
3	19,116	154,126,800	2,384,619	2,383,827	2,852,863	2,847,503	2,916	13,446	2,754	2,430	4,536	15.25%	70.34%	1.55%	1.85%	4.32%	4.28%	74
4	17,032	199,893,664	4,031,514	4,003,244	5,048,997	4,986,779	3,346	12,958	728	1,010	1,416	19.65%	76.08%	2.00%	2.49%	7.30%	7.57%	60
5	12,966	208,607,518	5,889,262	5,805,873	7,049,402	6,893,647	1,602	11,002	362	442	322	12.36%	84.85%	2.78%	3.30%	10.67%	10.56%	89
6	11,248	215,635,104	7,912,995	7,730,958	9,536,326	9,219,387	640	9,922	486	548	486	7.47%	88.21%	3.25%	3.88%	14.34%	14.29%	144
7	8,208	225,101,886	8,707,915	8,148,263	11,079,387	10,219,855	1,040	7,036	132	146	0	12.67%	85.72%	1.62%	4.54%	15.78%	16.50%	288
8	5,420	189,556,054	7,896,026	6,841,996	9,892,506	8,401,886	816	4,458	346	390	324	11.37%	82.25%	3.50%	4.43%	13.94%	14.83%	405
9	2,642	121,529,339	5,718,364	4,836,242	7,078,438	5,915,042	318	2,324	0	15	0	12.04%	87.96%	3.98%	4.86%	10.26%	10.61%	515
10	2,099	217,955,808	11,650,749	8,929,897	13,530,607	10,328,970	304	1,790	5	32	0	14.48%	85.28%	4.10%	4.74%	21.11%	20.28%	696
10A	814	35,132,424	1,835,863	1,292,482	2,027,967	1,591,135	57	547	0	0	0	10.91%	89.09%	3.68%	4.53%	2.96%	3.04%	639
10B	600	41,560,755	2,122,184	1,742,328	2,550,167	2,079,325	34	565	1	1	0	5.67%	94.17%	4.19%	5.00%	3.84%	3.82%	713
10C	885	141,262,429	7,892,702	5,895,098	9,952,473	6,658,510	203	678	1	31	0	22.94%	75.61%	4.17%	4.71%	14.30%	13.42%	1,192
TOTAL	130,409	1,709,696,275	55,198,881	49,687,735	66,725,580	59,470,063	35,282	65,690	29,437	24,065	47,584	27.05%	50.37%	2.91%	3.48%	100.00%	100.00%	88

House Tax Income Tax Proposal -- Head of Household -- Calendar Year 1993

EXHIBIT **H-6**
 DATE **3-17-93**
H-3-671
 15-Mar-93

Income Bracket			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar
Income Bracket	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	Change in Avg. Liability
0 - 2,000	810	1,142,262	0	0	0	0	0	0	810	810	810	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
2,000 - 4,000	548	1,863,000	2,824	2,824	0	0	162	0	486	486	648	25.00%	0.00%	0.15%	0.20%	0.02%	0.00%	(4)
4,000 - 6,000	1,296	6,445,656	26,323	26,323	0	0	972	0	324	324	1,296	75.00%	0.00%	0.41%	0.20%	0.22%	0.00%	(20)
6,000 - 8,000	1,520	10,967,724	105,603	105,603	64,513	64,513	810	486	324	324	1,134	50.00%	30.00%	0.96%	0.59%	0.89%	0.55%	(25)
8,000 - 10,000	2,268	20,604,132	263,259	263,259	93,813	93,813	2,106	0	162	162	1,134	92.86%	0.00%	1.28%	0.46%	2.22%	0.80%	(75)
10,000 - 12,000	1,968	21,936,924	323,164	323,164	172,523	172,523	1,848	80	40	40	644	93.90%	4.07%	1.47%	0.79%	2.73%	1.47%	(77)
12,000 - 14,000	1,080	14,259,800	293,015	293,015	265,571	265,571	840	240	0	40	80	77.78%	22.22%	2.05%	1.36%	2.47%	2.27%	(25)
14,000 - 16,000	1,280	18,885,280	386,026	386,026	344,593	344,593	800	480	0	160	0	62.50%	37.50%	2.02%	1.52%	3.26%	3.01%	(26)
16,000 - 18,000	1,440	24,544,320	628,251	628,251	618,941	618,941	1,040	360	40	0	0	72.22%	25.00%	2.53%	2.48%	5.30%	5.28%	(6)
18,000 - 20,000	920	17,549,520	401,048	394,430	422,572	407,601	600	320	0	0	0	65.22%	34.78%	2.25%	2.32%	3.26%	3.60%	23
20,000 - 25,000	2,442	54,447,344	1,526,784	1,480,382	1,518,111	1,455,282	1,600	640	202	162	202	65.52%	26.21%	2.72%	2.57%	12.88%	12.95%	(4)
25,000 - 30,000	1,766	47,950,898	1,505,144	1,550,798	1,610,156	1,539,694	1,000	604	162	162	152	56.63%	34.20%	3.23%	3.21%	13.54%	13.74%	3
30,000 - 35,000	836	28,523,750	1,104,291	1,047,969	1,110,459	1,045,048	462	374	0	0	0	55.26%	44.74%	3.95%	3.84%	9.31%	9.47%	7
35,000 - 40,000	638	23,833,678	1,094,399	995,171	1,125,456	1,011,084	368	330	0	0	0	48.24%	51.72%	4.18%	4.24%	9.50%	9.50%	49
40,000 - 45,000	330	13,950,892	634,774	546,175	696,083	593,621	88	242	0	0	0	36.67%	72.33%	5.39%	4.29%	5.35%	5.48%	188
45,000 - 50,000	284	13,372,242	648,797	521,564	698,065	564,358	105	179	0	0	0	36.97%	63.03%	3.90%	4.18%	5.34%	5.96%	177
50,000 - 55,000	97	5,171,065	242,041	191,597	264,204	208,108	15	82	0	0	0	15.46%	84.54%	3.74%	4.06%	2.04%	2.25%	228
55,000 - 60,000	45	2,553,240	139,510	118,638	149,483	122,468	15	30	0	0	0	33.33%	66.67%	4.56%	4.50%	1.18%	1.25%	222
60,000 - 65,000	37	2,324,360	39,876	32,717	71,933	56,687	0	37	0	0	0	0.00%	100.00%	1.41%	2.49%	0.34%	0.61%	566
65,000 - 70,000	35	2,343,941	107,300	81,577	128,555	97,566	4	31	0	0	0	11.43%	88.57%	3.48%	4.16%	0.90%	1.10%	616
70,000 - 75,000	22	1,590,275	92,176	75,492	96,918	78,254	7	14	1	0	0	31.82%	68.64%	4.75%	4.72%	0.78%	0.83%	216
75,000 - 80,000	12	929,519	46,166	33,247	56,457	41,537	1	11	0	0	0	8.33%	91.67%	3.58%	4.51%	0.39%	0.48%	556
80,000 - 90,000	38	3,208,712	187,408	151,209	194,559	153,746	16	22	0	1	0	42.11%	57.89%	4.71%	4.79%	1.58%	1.66%	188
90,000 - 100,000	21	1,963,182	109,681	80,734	119,284	87,573	4	16	1	0	0	19.05%	76.19%	4.11%	4.46%	0.93%	1.02%	457
100,000 - 110,000	18	1,876,762	109,570	78,447	115,950	82,935	8	10	0	0	0	44.44%	55.56%	4.18%	4.42%	0.92%	0.99%	354
110,000 - 120,000	16	1,822,921	98,859	70,242	112,894	81,162	3	13	0	0	0	18.75%	81.25%	3.85%	4.45%	0.83%	0.97%	840
120,000 - 130,000	12	1,495,032	68,912	48,271	86,758	62,392	4	8	0	0	0	33.33%	66.67%	4.19%	4.19%	0.84%	0.84%	487
130,000 - 140,000	10	1,325,747	52,448	37,000	75,812	55,070	3	7	0	0	0	30.00%	70.00%	3.93%	4.12%	0.64%	0.75%	480
140,000 - 150,000	8	1,155,294	63,713	48,040	72,484	54,872	2	6	0	0	0	25.00%	75.00%	4.19%	4.75%	0.54%	0.62%	1,096
150,000 - & Above	52	19,876,499	1,419,448	999,453	1,422,095	998,423	19	33	0	0	0	36.54%	63.46%	5.08%	5.27%	11.97%	12.13%	51
TOTALS	20,049	365,574,091	11,856,373	10,623,358	11,722,898	10,340,935	12,842	4,655	2,552	2,511	6,270	64.05%	33.22%	2.91%	2.83%	100.00%	100.00%	(7)

Decile Group			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar
Decile Group	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	Change in Avg. Liability
1	1,296	2,389,824	2,824	2,824	0	0	162	0	1,134	1,134	1,296	12.50%	0.00%	0.12%	0.00%	0.02%	0.00%	(2)
2	1,752	9,074,430	92,329	92,329	16,899	16,899	1,134	162	406	486	1,626	63.64%	9.09%	0.58%	0.19%	0.44%	0.14%	(20)
3	3,078	24,744,204	261,453	261,453	103,761	103,761	2,268	324	486	486	1,944	73.68%	10.53%	1.06%	0.42%	2.21%	0.89%	(51)
4	3,374	38,776,600	657,560	657,560	426,619	426,619	3,594	340	40	40	688	91.70%	7.11%	1.70%	1.10%	5.56%	3.64%	(68)
5	3,120	50,048,880	1,152,506	1,140,302	1,114,053	1,094,977	2,980	1,000	40	160	40	66.67%	32.05%	2.26%	2.19%	9.72%	9.50%	(11)
6	2,642	55,766,824	1,462,892	1,422,125	1,491,755	1,427,200	1,680	760	202	162	202	63.59%	28.77%	2.55%	2.56%	12.34%	12.73%	4
7	2,708	73,967,816	2,532,998	2,427,491	2,532,975	2,407,548	1,624	922	162	162	162	59.97%	34.05%	3.28%	3.25%	21.34%	21.61%	1
8	1,078	38,846,510	1,798,859	1,645,277	1,802,731	1,658,006	550	528	0	0	0	51.02%	48.98%	4.24%	4.27%	14.92%	15.38%	31
9	600	27,232,174	1,275,703	1,030,688	1,394,279	1,120,097	149	451	0	0	0	24.83%	75.17%	3.78%	4.11%	10.76%	11.89%	198
10	371	44,726,729	2,692,251	1,983,309	2,838,925	2,085,826	101	268	2	1	0	27.22%	72.24%	4.43%	4.66%	22.71%	24.23%	398
10A	90	5,004,465	281,130	221,432	280,926	225,004	30	60	0	0	0	33.33%	66.67%	4.42%	4.70%	2.20%	2.40%	220
10B	102	6,870,550	268,699	210,922	334,131	260,221	12	89	1	0	0	11.76%	87.25%	3.07%	3.79%	2.27%	2.85%	641
10C	179	32,851,714	2,167,422	1,590,955	3,224,868	1,690,597	59	119	1	1	0	32.98%	66.48%	4.72%	6.44%	18.24%	19.98%	51
TOTAL	20,049	365,574,091	11,856,375	10,623,358	11,722,898	10,340,935	12,842	4,655	2,552	2,511	6,270	64.05%	33.22%	2.91%	2.83%	100.00%	100.00%	(7)

House Tax Income Tax Proposal -- Married Filing Joint -- Calendar Year 1993

Income Bracket				Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates (After Federal Offset)		Percent of Total State Liability		Dollar Change in Avg. Liability
Current Law	Proposed Law	Number of Taxpayers	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 1,000	1,000	1,120,554	5,797	5,797	0	0	0	162	0	1,134	1,134	1,296	12.50%	0.00%	0.52%	0.00%	0.01%	0.00%	(4)
1,000 - 2,000	2,000	8,143,092	6,006	6,006	0	0	0	324	0	2,106	1,944	2,430	13.33%	0.00%	0.07%	0.00%	0.01%	0.00%	(2)
2,000 - 3,000	3,000	10,034,504	4,139	4,139	0	0	0	324	0	1,782	1,782	2,106	15.38%	0.00%	0.04%	0.00%	0.01%	0.00%	(2)
3,000 - 4,000	4,000	28,115,586	55,778	55,778	0	0	0	1,296	0	2,754	2,592	4,050	32.00%	0.00%	0.20%	0.00%	0.08%	0.00%	(14)
4,000 - 5,000	5,000	48,723,768	212,277	212,277	69,146	69,146	3,240	162	1,944	2,106	4,536	60.61%	3.03%	0.44%	0.14%	0.31%	0.10%	(27)	
5,000 - 6,000	6,000	275,999	275,999	90,888	90,888	2,652	120	970	848	3,100	70,877	3.21%	0.67%	0.22%	0.40%	0.10%	(49)		
6,000 - 7,000	7,000	54,774,940	478,191	474,752	247,057	239,934	2,928	360	930	930	2,858	69.42%	8.53%	0.87%	0.44%	0.69%	0.37%	(55)	
7,000 - 8,000	8,000	70,218,954	748,092	742,211	468,285	459,252	3,204	640	806	888	2,650	68.90%	13.76%	1.06%	0.85%	1.09%	0.71%	(80)	
8,000 - 9,000	9,000	74,182,968	899,166	892,999	510,936	500,062	3,082	520	764	764	2,366	70.59%	11.91%	1.20%	0.67%	1.30%	0.77%	(83)	
9,000 - 10,000	10,000	71,050,094	1,066,295	1,051,822	802,988	783,012	2,722	802	240	362	1,202	72.32%	21.31%	1.48%	1.10%	1.56%	1.22%	(70)	
10,000 - 11,000	11,000	180,188,854	3,849,464	3,769,137	3,117,819	3,001,612	8,082	1,680	240	400	802	76.01%	20.99%	2.09%	1.67%	5.05%	4.73%	(91)	
11,000 - 12,000	12,000	990,040,080	4,683,913	4,725,250	4,353,371	4,149,270	4,408	1,982	588	545	672	63.17%	28.40%	2.49%	2.18%	7.56%	6.60%	(76)	
12,000 - 13,000	13,000	1,689,941,352	5,458,615	5,198,881	4,729,198	4,449,517	3,548	1,542	66	206	62	68.81%	25.91%	3.11%	2.67%	7.88%	7.17%	(141)	
13,000 - 14,000	14,000	1,651,797,578	6,017,257	5,657,046	5,426,277	4,988,683	2,900	1,140	22	0	0	71.38%	28.08%	3.73%	3.29%	8.76%	8.23%	(158)	
14,000 - 15,000	15,000	1,601,911,418	6,310,551	5,804,137	5,391,134	5,402,632	2,492	1,096	184	172	242	66.07%	29.06%	3.63%	3.38%	9.17%	8.99%	(103)	
15,000 - 16,000	16,000	1,545,778,818	5,090,411	4,605,539	4,580,237	4,099,539	1,607	774	37	0	0	66.46%	32.01%	4.03%	3.58%	7.35%	6.95%	(211)	
16,000 - 17,000	17,000	1,450,209,209	3,445,792	3,864,879	3,275,846	2,768,813	846	516	0	0	0	62.11%	37.88%	4.01%	3.90%	4.97%	5.13%	(48)	
17,000 - 18,000	18,000	1,308,027,491	3,014,526	2,432,139	2,949,313	2,360,616	632	501	0	22	0	55.76%	44.22%	3.74%	3.63%	4.35%	4.47%	(58)	
18,000 - 19,000	19,000	1,241,557,938	2,941,557	2,291,938	2,901,469	2,245,159	585	322	15	0	0	63.45%	34.92%	3.99%	3.91%	4.43%	4.40%	(43)	
19,000 - 20,000	20,000	1,171,061,061	2,274,128	1,714,061	2,378,268	1,825,796	285	421	18	41	0	36.36%	58.15%	3.52%	3.75%	3.21%	3.61%	213	
20,000 - 21,000	21,000	1,193,152	1,506,776	1,193,152	1,553,642	1,215,604	194	205	2	4	0	48.38%	51.12%	4.12%	4.19%	2.17%	2.36%	117	
21,000 - 22,000	22,000	1,041,021	1,335,991	1,041,021	1,431,082	1,113,636	151	189	4	0	0	43.90%	54.94%	3.92%	4.20%	1.53%	2.17%	276	
22,000 - 23,000	23,000	1,490,150	1,973,150	1,490,150	2,136,726	1,608,548	185	270	3	2	0	40.39%	58.95%	3.85%	4.16%	2.85%	3.24%	357	
23,000 - 24,000	24,000	1,235,732	1,613,944	1,235,732	1,687,632	1,283,678	129	198	2	3	0	39.21%	60.18%	3.98%	4.13%	2.33%	2.56%	224	
24,000 - 25,000	25,000	1,009,939	1,350,073	1,009,939	1,394,809	1,041,103	109	118	0	1	0	48.02%	51.98%	4.25%	4.39%	1.68%	2.12%	197	
25,000 - 26,000	26,000	834,404	1,163,117	834,404	1,248,989	896,213	76	104	0	2	0	42.22%	57.78%	4.03%	4.34%	1.69%	1.89%	477	
26,000 - 27,000	27,000	649,820	960,928	649,820	1,024,218	743,612	66	70	0	4	0	48.53%	51.47%	4.12%	4.40%	1.68%	1.55%	465	
27,000 - 28,000	28,000	463,403	864,883	612,072	934,297	659,339	43	66	0	0	0	39.45%	60.55%	4.16%	4.48%	1.25%	1.42%	637	
28,000 - 29,000	29,000	304,934	847,701	612,677	853,041	653,041	34	60	2	0	0	35.42%	62.59%	4.48%	4.70%	1.22%	1.35%	477	
29,000 - 30,000	30,000	185,572,104	10,617,410	7,526,600	11,700,592	8,284,093	171	528	2	4	0	28.45%	71.21%	4.52%	4.98%	19.32%	17.74%	1,802	
TOTALS		73,378	69,285,714	59,046,056	65,944,690	54,964,709	44,477	14,286	14,615	15,017	28,372	60.61%	19.47%	2.96%	2.75%	100.00%	100.00%	(46)	

Income Bracket		Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates (After Federal Offset)		Percent of Total State Liability		Dollar Change in Avg. Liability		
Current Law	Proposed Law	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law			
0 - 1,000	1,000	2,658,328	5,797	5,797	0	162	0	1,782	1,782	1,944	8.33%	0.00%	0.20%	0.00%	0.01%	0.00%	(3)		
1,000 - 2,000	2,000	20,244,330	14,436	14,436	0	972	0	3,402	3,240	4,374	22.22%	0.00%	0.07%	0.00%	0.02%	0.00%	(3)		
2,000 - 3,000	3,000	27,407,552	234,904	234,904	53,350	3,726	162	4,374	4,374	7,514	45.10%	1.96%	0.35%	0.08%	0.34%	0.08%	(22)		
3,000 - 4,000	4,000	767,919	764,567	342,957	337,451	5,906	440	1,650	1,738	6,082	71.97%	5.36%	0.79%	0.35%	1.11%	0.52%	(52)		
4,000 - 5,000	5,000	188,180,954	1,900,707	1,881,283	1,187,704	7,206	1,360	1,852	1,852	5,698	69.17%	13.05%	1.12%	0.89%	2.74%	1.80%	(66)		
5,000 - 6,000	6,000	4,116,130	4,042,284	3,292,724	3,179,486	7,244	2,202	400	722	1,684	73.57%	22.36%	1.92%	1.51%	5.94%	4.99%	(84)		
6,000 - 7,000	7,000	255,733,306	6,771,010	6,561,512	6,021,301	6,018	2,698	588	546	672	64.68%	29.00%	2.57%	2.25%	9.77%	9.13%	(81)		
7,000 - 8,000	8,000	290,772,926	10,816,572	10,112,300	9,476,086	5,902	2,196	88	206	62	72.10%	26.83%	3.48%	3.01%	15.81%	14.37%	(164)		
8,000 - 9,000	9,000	311,444,611	13,324,197	11,992,266	12,379,811	4,502	2,096	221	434	242	66.02%	30.74%	3.85%	3.54%	19.23%	18.77%	(138)		
9,000 - 10,000	10,000	572,330,140	31,332,039	23,436,707	33,190,756	2,639	3,132	48	83	0	47.17%	52.04%	4.09%	4.32%	45.22%	50.33%	309		
10,000 - 11,000	11,000	109,810,733	5,243,208	4,202,596	5,168,999	4,111,152	1,126	763	15	22	0	59.14%	40.07%	3.83%	3.75%	7.57%	7.84%	(39)	
11,000 - 12,000	12,000	6,377,541	6,377,706	4,958,969	5,677,996	859	1,624	23	45	0	45.07%	53.73%	3.79%	3.95%	9.20%	10.13%	158		
12,000 - 13,000	13,000	232,642,866	19,711,125	15,275,142	21,344,092	15,427,914	854	1,345	10	16	0	38.68%	60.89%	4.30%	4.65%	28.45%	22.37%	239	
TOTALS		73,378	1,398,394,841	69,255,711	59,046,056	65,944,689	54,964,709	44,477	14,286	14,615	15,017	28,372	60.61%	19.47%	2.96%	2.75%	100.00%	100.00%	(46)

House Tax Income Tax Proposal - Married Filing Separate - Calendar Year 1993

DATE 3-17-93
HB-631
 15-MAR-93

Income Bracket		Total Income	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability	
Income Bracket	Number of Households		Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No. Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law
0 - 2,000	182	153,738	0	0	0	0	0	0	182	182	182	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
2,000 - 4,000	810	2,538,054	18,033	18,033	0	0	486	0	324	182	810	60.00%	0.00%	0.63%	0.00%	0.01%	0.00%	(20)	(20)
4,000 - 6,000	468	2,533,032	38,607	38,607	34,323	34,323	162	324	0	0	0	33.33%	56.67%	1.52%	1.38%	0.02%	0.02%	(9)	(9)
6,000 - 8,000	324	2,252,775	15,518	15,518	50,183	50,183	324	0	0	0	324	0.00%	0.00%	0.69%	0.00%	0.01%	0.00%	(48)	(48)
8,000 - 10,000	468	5,448,080	56,257	56,257	50,183	50,183	162	162	324	162	324	25.00%	25.00%	1.03%	0.92%	0.03%	0.03%	(9)	(9)
10,000 - 12,000	1,206	13,324,990	128,094	125,870	123,200	122,203	360	320	526	486	766	29.65%	28.53%	0.95%	0.92%	0.08%	0.08%	(2)	(2)
12,000 - 14,000	1,568	20,425,490	274,342	274,113	254,044	251,317	846	602	120	40	756	53.95%	38.39%	1.34%	1.23%	0.17%	0.13%	(13)	(13)
14,000 - 16,000	1,882	26,308,904	428,914	427,919	381,892	378,994	1,152	680	40	80	600	61.74%	36.13%	1.51%	1.34%	0.26%	0.20%	(25)	(25)
16,000 - 18,000	2,320	39,491,600	688,223	680,179	626,732	618,345	1,200	1,080	40	40	600	51.72%	46.55%	1.72%	1.56%	0.42%	0.33%	(28)	(28)
18,000 - 20,000	2,242	42,340,536	633,735	627,837	601,608	590,637	1,402	840	0	40	640	62.53%	37.47%	1.48%	1.39%	0.38%	0.32%	(14)	(14)
20,000 - 25,000	7,180	182,109,960	3,144,271	3,086,052	2,942,635	2,859,136	4,280	2,760	120	0	600	59.78%	38.58%	1.90%	1.78%	1.51%	1.55%	(28)	(28)
25,000 - 30,000	8,210	226,481,594	5,466,384	5,331,061	5,514,277	5,317,890	4,460	3,662	88	0	80	54.32%	44.60%	2.35%	2.35%	3.32%	2.90%	6	6
30,000 - 35,000	8,494	276,578,352	7,871,380	7,548,870	8,297,009	7,871,024	3,614	4,814	56	0	52	42.55%	56.68%	2.72%	2.84%	4.78%	4.37%	50	50
35,000 - 40,000	8,768	329,531,744	10,435,278	9,825,967	11,780,420	10,971,005	2,856	5,778	132	0	0	32.58%	65.91%	2.98%	3.33%	6.33%	6.19%	151	151
40,000 - 45,000	9,964	377,882,750	12,725,089	11,796,041	14,930,872	13,717,890	3,156	6,570	66	22	0	24.52%	74.73%	3.16%	3.68%	7.72%	7.56%	251	251
45,000 - 50,000	9,882	363,461,821	13,936,313	12,452,860	16,576,367	14,704,408	1,492	6,523	67	0	0	18.46%	60.71%	3.25%	3.84%	8.46%	8.73%	327	327
50,000 - 55,000	7,115	373,344,077	14,125,964	11,818,340	16,574,248	13,739,638	1,101	5,924	90	22	0	15.47%	63.26%	3.17%	3.68%	8.57%	8.72%	344	344
55,000 - 60,000	4,818	284,879,659	10,302,586	8,360,627	12,717,859	10,223,033	577	4,009	30	0	0	12.50%	66.85%	3.16%	3.86%	6.25%	6.69%	523	523
60,000 - 65,000	3,964	246,882,446	9,984,256	7,980,087	12,186,879	9,682,394	330	3,634	0	0	0	8.32%	91.68%	3.23%	3.92%	6.06%	6.41%	556	556
65,000 - 70,000	2,547	171,813,921	7,190,928	5,815,596	8,785,848	6,816,231	213	2,330	4	2	0	8.36%	91.48%	3.27%	3.91%	4.36%	4.62%	626	626
70,000 - 75,000	1,826	136,336,535	6,005,049	4,725,584	7,190,608	5,819,118	200	1,722	4	0	0	10.36%	89.41%	3.39%	4.03%	3.64%	3.79%	816	816
75,000 - 80,000	1,402	106,445,027	4,649,080	3,641,018	5,753,906	4,499,429	102	1,297	3	1	0	7.28%	92.51%	3.36%	4.15%	2.82%	3.03%	788	788
80,000 - 90,000	1,790	151,078,816	6,782,169	5,283,144	8,181,817	6,367,018	170	1,618	2	0	0	9.50%	90.39%	3.50%	4.21%	4.10%	4.31%	799	799
90,000 - 100,000	1,110	105,014,413	4,900,449	3,832,033	5,870,528	4,571,538	114	996	0	0	0	10.27%	89.73%	3.65%	4.35%	2.97%	3.09%	874	874
100,000 - 110,000	709	74,399,579	3,551,860	2,703,175	4,215,649	3,194,237	77	629	3	0	0	10.86%	89.72%	3.63%	4.29%	2.15%	2.22%	938	938
110,000 - 120,000	522	59,888,608	2,895,075	2,211,485	3,423,154	2,598,406	81	448	1	0	0	14.52%	84.29%	3.69%	4.38%	1.78%	1.89%	981	981
120,000 - 130,000	411	51,377,755	2,530,864	1,911,573	2,972,196	2,238,817	58	351	2	0	0	14.11%	85.40%	3.72%	4.36%	1.54%	1.56%	1,054	1,054
130,000 - 140,000	282	36,016,819	1,985,764	1,476,581	2,304,292	1,712,463	35	245	2	0	0	12.41%	86.84%	3.88%	4.50%	1.12%	1.21%	1,140	1,140
140,000 - 150,000	228	32,960,793	1,763,487	1,329,182	2,055,209	1,546,991	31	196	1	0	0	13.60%	85.96%	4.03%	4.69%	1.07%	1.08%	1,279	1,279
150,000 - & Above	1,514	572,144,184	22,214,028	21,408,840	35,649,149	25,673,041	245	1,367	2	2	0	15.18%	84.70%	4.48%	4.95%	19.61%	18.77%	2,065	2,065
TOTALS	89,368	4,247,867,507	164,824,585	136,599,121	189,974,982	156,130,727	28,296	58,873	2,219	1,221	5,694	31.66%	65.88%	3.22%	3.68%	100.00%	100.00%	281	281

Decile Group		Total Income	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability	
Decile Group	Number of Households		Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No. Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law
1	848	1,445,688	2,722	2,722	0	0	182	0	486	324	848	25.00%	0.00%	0.19%	0.00%	0.00%	0.00%	(4)	(4)
2	810	3,779,136	51,919	51,919	34,323	34,323	486	324	0	0	324	60.00%	40.00%	1.37%	0.91%	0.03%	0.02%	(22)	(22)
3	972	7,700,632	71,775	71,775	50,183	50,183	486	162	324	162	548	50.00%	16.67%	0.93%	0.65%	0.04%	0.03%	(22)	(22)
4	2,774	33,750,480	400,456	400,082	377,243	373,521	1,206	922	648	526	1,492	43.48%	33.24%	1.19%	1.11%	0.24%	0.20%	(8)	(8)
5	4,804	78,736,080	1,233,406	1,224,354	1,101,787	1,085,278	2,804	1,920	80	120	1,280	58.37%	39.97%	1.56%	1.36%	0.75%	0.58%	(27)	(27)
6	7,640	164,960,280	3,175,748	3,129,662	2,959,202	2,895,592	4,600	2,920	120	40	1,160	60.21%	38.22%	1.50%	1.38%	1.93%	1.56%	(23)	(23)
7	11,274	311,845,524	7,567,132	7,363,528	7,648,463	7,352,898	6,108	5,006	110	0	80	54.42%	44.60%	2.38%	2.38%	4.58%	4.03%	7	7
8	16,572	596,657,484	18,236,791	17,227,930	20,285,208	18,951,186	5,748	16,848	178	0	62	34.69%	64.25%	2.86%	3.18%	11.06%	10.67%	123	123
9	21,287	99,152,888	35,941,817	31,948,567	42,326,945	37,314,797	4,252	16,811	223	44	0	19.88%	79.31%	3.20%	3.73%	21.81%	22.28%	300	300
10	22,657	2,049,839,653	94,148,561	75,180,576	115,211,667	88,073,174	2,443	20,180	54	5	0	10.78%	88.98%	3.67%	4.30%	59.55%	60.65%	753	753
10A	7,995	460,821,888	18,050,507	14,618,478	22,055,900	17,718,270	962	7,013	30	0	0	11.91%	87.72%	3.84%	4.51%	10.96%	11.61%	501	501
10B	7,508	523,396,556	22,058,553	17,369,033	26,850,113	21,024,284	656	6,943	9	2	0	8.62%	91.26%	2.32%	4.02%	13.38%	14.13%	830	830
10C	7,054	1,065,672,196	58,039,601	43,183,063	86,305,654	49,330,670	835	5,204	15	3	0	11.84%	87.95%	4.05%	4.63%	35.21%	34.90%	1,172	1,172
TOTAL	89,368	4,247,867,507	164,824,587	136,599,121	189,974,981	156,130,730	28,296	58,873	2,219	1,221	5,694	31.66%	65.88%	3.22%	3.68%	100.00%	100.00%	281	281

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

COMMITTEE

BILL NO.

671

DATE _____

SPONSOR(S)

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[illegible]

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

NOTE: ALTHOUGH THE FOLLOWING MINUTES ARE NOT RECORDED VERBATIM, DUE TO THE IMPORTANCE OF HB 671, THEY HAVE BEEN ONLY MINIMALLY PARAPHRASED AND CONDENSED.

EXECUTIVE ACTION ON HB 671

Motion: REP. GILBERT MOVED HB 671 DO PASS.

Discussion: REP. GILBERT said amendments were drafted in order to address as many of the proponents and opponents concerns as possible. He asked REP. ELLIOTT to discuss the amendments.

REP. ELLIOTT The Department of Revenue (DOR) and the Governor's Office proposed the amendments contained in EXHIBIT 1. He said the primary change makes the deduction to the income tax a percentage of Montana's adjusted gross income with a minimum and a maximum amount for a standard deduction. The amendments also phase out the standard deduction and exemption on incomes above \$150,000 with the phase-out complete at \$200,000. Above \$200,000 there are no deductions or exemptions. The amendments repeal the 7% surtax on corporate and individual income taxes. The amended rate of 7.3% would raise approximately \$60 million in revenue for the biennium. He pointed out this is \$60 million in revenue and not a \$60 million increase to the Montana taxpayer.

The second set of amendments addresses the corporate license tax.

EXHIBIT 2 The third set of amendments adjusts the tax rate to account for changes in the federal adjusted gross income.

EXHIBIT 3

Mick Robinson, Director, Department of Revenue (DOR), said the amendments adjust the rate for the flat tax proposal to a rate of 7.3% for tax years 1993 and 1994 and 7.4% for tax year 1995. With those rates and the deduction amounts the bill will raise approximately \$60 million for the biennium. He explained the maximum and minimum standard deductions. The standard deduction flows between the minimum and maximum at a rate of 40% of Montana's adjusted gross income. The standard deductions and personal exemptions phase out over the adjusted income level of \$150,000 to \$200,000.

Motion: REP. ELLIOTT moved adoption of the amendments dated March 18, 1993, marked as EXHIBIT 1.

REP. ELLIOTT said the basic reason for the amendments dealing with the minimum and maximum deductions was to address the Governor's concern that too many low-income individuals were entirely dropped off the tax rolls. By using the minimum deduction, the extremely low-income individual was protected. With that amendment approximately 20,000 more people are brought back in to the income tax fold. The top end amendment to phase

out the deduction and exemption was felt to be a matter of fairness and progressivity in taxation. Overall, the bill has been designed to protect the low and middle income Montana citizen from an undue burden of taxation, and these amendments help with that process. He said too often Montana has relied on low and middle income citizens to bail the state out of a fiscal dilemma.

Discussion:

REP. RANEY asked about the rate level for the minimum standard deduction. REP. ELLIOTT replied a single is \$2,000, head-of-household is \$3,000, and for married filing jointly it is \$4,000. A married household that has a minimum \$4,000 deduction and two exemptions of \$3,500 each, would begin paying tax at \$11,000. A single would have a minimum deduction of \$2,000 and a \$3,500 exemption and would begin paying tax at \$5,500.

REP. FELAND asked what poverty level is in Montana. REP. MCCARTHY said she thought it was \$13,000. REP. FELAND said his concern is that the exemptions are high enough to exempt poverty level individuals. REP. ELLIOTT said some people at poverty level would be paying taxes with these amendments. He said there is a provision for a two-earner household which is 10% of the lesser of the incomes up to \$3,000.

Vote: Motion to adopt amendments as per EXHIBIT 1 carried unanimously.

Motion: REP. ELLIOTT moved adoption of the amendments dated March 17, 1993, and marked as EXHIBIT 2.

REP. ELLIOTT said these are technical amendments submitted by DOR, some of which will be superseded by the amendments previously adopted. Amendment #2 deals with the inflation factor for indexing; #5 clarifies the taxation of non-residents; #6 and #7 make the indexing of standard deductions consistent with the indexing of the personal exemptions, and #8 provides for the one time tax credit for the sale of a business, trade or profession. This is the phase-out provision so anyone who makes a net sale up to \$1 million gets the tax credit against federal income tax paid. At \$3 million there is no tax credit.

VICE CHAIRMAN FOSTER asked if the EXHIBIT 1 amendments take precedence if any of these amendments are duplicative. REP. ELLIOTT said that was his understanding. Director Robinson replied affirmatively. REP. REAM assumed only amendments #2 and 5 through 8 of the March 17, 1993 amendments were needed. Dave Woodgerd, Legal Counsel, DOR, said the first set of amendments include a change in rate for corporate license tax so some of these amendments would have to be included.

Motion/Vote: REP. REAM moved a substitute motion to exclude amendments #1, 3, 4 and 9 from the previous motion. Motion carried unanimously.

REP. RANEY asked if 15 years referred to being a Montana resident for 15 years or owning the business for 15 years. REP. ELLIOTT said it refers to 15 years of owning the business but the individual must be a Montana resident at the time of sale in order to claim the tax credit.

REP. RANEY asked for an explanation of amendment #5 clarifying the non-resident taxpayer. Mr. Woodgerd said the purpose of #5 is to delete language that is no longer needed because of the flat rate. The amendment puts the income from non-residents in the higher bracket by including all their income and then allowing the deductions. There is only one bracket but they still prorate the standard deduction.

REP. REAM asked Jeff Miller, DOR, about the low income earner. Mr. Miller said DOR would still be prorating their standard deduction and their personal exemption based on the ratio of Montana income so the smaller earning non-resident who has income in the state would get a fraction of the standard deduction and a fraction of their exemption and would be taxed at the same flat rate.

Vote: Motion to adopt EXHIBIT 2 amendments carried unanimously.

Motion: REP. ELLIOTT moved the amendments on page 7, following line 15, dated March 18, 1993. EXHIBIT 3. He asked DOR to explain the amendments.

Director Robinson, said on page 7 of the bill there was language allowing DOR to adopt rules for adjusting the tax rate if there was a change in the federal adjusted gross income. He said there needed to be some clarification of DOR's role in making that adjustment. He said that adjustment needed to be formula-based. He said Option A provides a mathematical formula for making the adjustments. DOR is trying to determine the tax increase what has resulted from the change in the federal adjusted gross income, based on the 1993 data collected from taxpayers. Based on that change in (b)(ii) DOR would make an adjustment to the tax rate in increments of .1%. That .1% equals the \$5 million in (b)(iii). This would put in place a mathematical formula that would adjust the tax rate by increments of .1% based on the changes in the federal adjusted gross income. 1993 data would be accumulated during tax year 1994 and the adjustment would be made for tax year 1995.

Director Robinson said Option B (EXHIBIT 3A) tries to make that same adjustment by bringing it back to the Legislature 20 days prior to the regular session and having that information available for the Legislature to adjust.

VICE CHAIRMAN FOSTER asked REP. ELLIOTT which option he was moving in his motion. REP. ELLIOTT said he had a preferred method but it may not be what REP. GILBERT prefers. He said because of the 1986 Federal Tax Reform Act which expanded the definition of income in the U.S., many states with high federal adjusted gross income saw major windfalls in their tax collections in the years following 1986. He said REP. GILBERT did not want that to happen again and he agreed. If the amendments are necessary to achieve bipartisanship of the bill then he would support one of the options.

REP. GILBERT said he did not want the windfall situation to ever happen again and that was the reason for the amendments. He said his choice was Option A. DOR runs the formula, does the compilation, and it adjusts automatically. Under provisions of Option B, DOR determines what the impact will be, they come to the Legislature every two years, and the legislature makes the decision as to what should be done. The tax policy has already been determined in the bill, Option A simply defines how it is done. It is very vital to the bill and important to the continued bipartisan cooperation represented by the bill.

REP. REAM agreed to vote for Option A with one proviso. He believed DOR should go before the Revenue Oversight Committee (ROC) before adopting this mechanism and said perhaps this language should be inserted into the bill. The ROC is a bipartisan committee with Legislative authority. Because this impacts the revenue collections, he believed it would be appropriate.

REP. GILBERT pointed out that ROC has not been given the authority to direct DOR and he would rather not do so. However, he said he agreed there should be a proviso that the DOR come before ROC and apprise them of what they intend to do. ROC could then make recommendations to DOR as has been done in the past. He did not believe the ROC should have the authority to insist that DOR do it one way or another.

REP. REAM asked if language could be inserted stating that DOR must review the adjustments with ROC before adoption. REP. ELLIOTT said only a couple of states have a flat rate and in one of those states DOR makes the determination every year. In another state, the Legislature makes the determination. He said he preferred the Legislature do it in Montana. He said if it was amenable to REP. GILBERT he would move Option B, and if that failed he would move Option A. REP. GILBERT said he was agreeable, provided Option A contained the language suggested by REP. REAM.

Motion: REP. ELLIOTT amended his previous motion to move adoption of Option B, marked as EXHIBIT 3a. He said this is the mechanism that would allow the DOR to recommend a rate to the Legislature with the Legislature then setting the rate.

Discussion:

REP. GILBERT reiterated his concern about the micro-management by the Legislature. He said this was a mechanical process.

Vote: Motion to adopt Option B, EXHIBIT 3a, failed 13-7 on a roll call vote.

Motion: REP. ELLIOTT moved adoption of Option A. EXHIBIT 3

Discussion:

REP. REAM said a period should be inserted after 0.1% and delete the rest of the sentence in (b)(ii) because the 0.1% wouldn't always equal \$4.5 million. Mr. Woodgerd said the intent of the language was that the DOR would make a .1% adjustment for every \$4.5 million and believed they needed that language.

REP. REAM said that was only true for this tax year. Director Robinson agreed with REP. REAM and was not concerned with removing that language.

REP. ELLIOTT said if the base changes, .1% would vary, it would not always be \$4.5 million. If the base doubled, it would be \$9 million, or if the base shrunk, it would be \$2.25 million. He concurred with REP. REAM.

REP. HANSON asked if the 7.5% needs to be left in place if the 7.3% flat tax amendment passed. REP. GILBERT said it did because of the surcharge. The rates needed to be adjusted the rates for the first two years in order to adjust for the surcharge. The rate then would go to 7.5% which was the agreed number.

REP. DRISCOLL asked for clarification of the rates. REP. GILBERT replied the rate would be 7.3 for calendar years '93 and '94 and 7.5 for calendar '95.

Director Robinson said there was an error in (2)(a) of Option A. It should be 7.4% rather than 7.5%.

Motion: REP. ELLIOTT amended his motion to adopt Option A to include REP. REAM'S ROC language, insert "." following 0.1% and strike the remainder of the sentence. The amendment will also include the change from 7.5% to 7.4% in (2)(a).

Vote: Motion to adopt the Option A amendments carried unanimously.

REP. ELLIOTT asked if any change in the \$4.5 million in (b)(iii) was required. Director Robinson said the amount didn't need to be changed but suggested the word "equals" should be replaced with "exceeds".

Motion/Vote: REP. ELLIOTT moved adoption of the amendment as amended in (b)(iii) by striking "equals" and inserting "exceeds". Motion carried unanimously.

Motion: REP. GILBERT MOVED HB 671 DO PASS AS AMENDED.

Discussion:

Mr. Robinson said the rate would be 7.3% in CY 93 and 94, and then 7.4% in CY 95.

REP. McCAFFREE said he didn't understand how the rate can be reduced and the surcharge repealed. REP. GILBERT said in the first year the flat rate raises over \$87 million. That would take care of what the state would have received from the surcharge. He said the intent was to raise only \$60 million for the biennium. The 7.5% would raise more than \$60 million so the rate was backed down.

REP. MCCARTHY asked if there had been a fiscal note prepared with these figures. REP. GILBERT said there had not because there had been nine changes in the formulas over the last 10 days.

REP. RANEY asked if there was a deadline that mandated the bill had to be passed right now. REP. GILBERT responded it had to be out of Committee because of the transmittal date which the Speaker stated would be the 67th day.

A lengthy discussion followed with REPS. REAM and HARPER expressing their concern that executive action was being taken on the bill without the needed information and a fiscal note. They believed the public was also being shut out of the process by the deadline being moved up four days. REP. GILBERT replied that his instructions were to take executive action this date. He said he had no objection to meeting again to try and obtain more information, and would ask the Speaker to hold it from the floor until the very end. He said the Speaker intended to put HB 2 and the tax package together to send to the Senate as a package.

REP. RANEY said there was also a tabled bill in Committee for \$2 million to fund the Water Quality Bureau. He said if that bill is left on the table, HB 671 would have to generate another \$2 million or the Committee would have to prepare an amendment to HB 2 to eliminate the Water Quality Bureau.

VICE CHAIRMAN FOSTER requested that the committee stay with the business of getting HB 671 out of committee.

REP. HARRINGTON said he understood the frustration of the Committee members and asked if the final vote could be delayed for a couple of days to resolve some of these questions.

REP. ELLIOTT said Director Robinson believed they could have full spreadsheets for the Committee later this morning. He said he was a little bewildered by the members' reluctance to vote on the bill at this time but due to the tenuous nature of the negotiations he agreed it might be better to delay the vote. He said it was not his intention to make people angry or upset.

REP. RANEY asked what was being done about the Water Quality Bureau.

REP. REAM said at the hearing on HB 671 he had specifically requested spreadsheets and graphs showing what the bill does. He said it was important to have that information for a bill like this.

VICE CHAIRMAN FOSTER stated the Committee would be at ease for a few minutes to allow REP. GILBERT and SPEAKER MERCER to discuss the situation.

CHAIRMAN GILBERT REASSUMED THE CHAIR.

CHAIRMAN GILBERT said SPEAKER MERCER would speak to the Committee for a few moments and the Committee would then recess until noon. He asked DOR to have the spreadsheets and graphs available at that time.

SPEAKER MERCER said he had been informed there was concern with the schedule regarding the revenue bills. He said essentially, the goal this session was to try to balance the budget instead of playing games and spending money they didn't have. The only way to do that is to try to have the revenue completed at the same time as taxation. He said it does place a burden on the Taxation Committee to accomplish that, but he wanted to have those bills on the floor at the same time. DOR has said they could have the requested information for the committee today, and the extra effort on the part of the Committee would greatly benefit the state and the budget would be balanced. SPEAKER MERCER apologized to the Committee for causing any problems but said the same situation occurred with the Appropriations Committee. He said he wanted more time for the full House to consider these bills at the same time.

THE TAXATION COMMITTEE RECESSED AT 8:30 A.M.

THE COMMITTEE RESUMED EXECUTIVE ACTION AT 12:25 P.M.

CHAIRMAN GILBERT asked Director Robinson to explain the spreadsheets and graphs.

Director Robinson turned the explanation over to Larry Finch.

Larry Finch, Manager of the Research Office, DOR, said the exhibit was their standard package of information for income tax proposals. He stated the long form provided information for each filer-type and explained each of the columns on each page.

EXHIBIT 4 He reviewed the information contained in the graphs.

EXHIBIT 4a

Discussion:

REP. DOLEZAL asked Mr. Finch if he had figures regarding the changes in the corporate license tax. Mr. Finch said DOR had not prepared any in detail, but from some runs done previously it looked like it would increase approximately \$5 to \$5.4 million over the biennium.

CHAIRMAN GILBERT RELINQUISHED THE CHAIR TO VICE CHAIRMAN FOSTER

VICE CHAIRMAN FOSTER stated that there being no further discussion, the Committee would revert back to REP. GILBERT'S motion that HB 671 do pass as amended.

REP. GILBERT said he hoped the information supplied by DOR had answered the questions brought up in the morning session. He said he had requested a fiscal note but it would take a few days.

REP. REAM asked Mr. Heiman to explain #30 on the Combined Amendments Adopted by Committee. EXHIBIT 5 Mr. Heiman said #30 referred to the unitary tax which was unamended in the original bill. REP. GILBERT said when they changed the C corporations tax rate they neglected the unitary tax. As it had always been higher than the C corporations they felt it only fair to raise the unitary tax correspondingly. He said it would amount to an additional \$160,000.

REP. DOLEZAL expressed his appreciation to the Chairman for requesting the delay, the information from DOR and the fiscal note. He said he would vote for the bill to get it out of Committee because of the great amount of work involved and because he did not want it to die in Committee.

REPS. REAM and MCCARTHY agreed with REP. DOLEZAL and also thanked Mr. Finch and DOR for their cooperation.

Vote: Motion that HB 671 Do Pass As Amended carried 19-1 on a roll call vote with REP. DRISCOLL voting no.

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL

DATE

3/19/93

NAME	PRESENT	ABSENT	EXCUSED
REP. GILBERT, CHAIRMAN	✓		
REP. FOSTER	✓		
REP. HARRINGTON	✓		
REP. ANDERSON	✓		
REP. BOHLINGER	✓		
REP. DOLEZAL	✓		
REP. DRISCOLL	✓		
REP. ELLIOTT	✓		
REP. FELAND	✓		
REP. HANSON	✓		
REP. HARPER	✓		
REP. HIBBARD	✓		
REP. KELLER	✓		
REP. MCCAFFREE	✓		
REP. MCCARTHY	✓		
REP. NELSON	✓		
REP. ORR	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. TUNBY	✓		

HOUSE STANDING COMMITTEE REPORT

March 19, 1993

Page 1 of 5

Mr. Speaker: We, the committee on Taxation report that House Bill 671 (first reading copy -- white) do pass as amended .

Signed: Bob Gilbert

Bob Gilbert, Chair

And, that such amendments read:

1. Title, line 21.

Strike: the first "AND"

Following: "15-30-160,"

Insert: "AND 15-30-199,"

2. Page 3, line 20.

Strike: "1994"

Insert: "1993"

3. Page 6, line 12.

Following: "15-30-103."

Insert: "(Temporary for tax years 1993 and 1994)"

Strike: "-- adjustment"

Strike: "(1)"

4. Page 6, line 13.

Strike: "Subject to subsection (2), there"

Insert: "There"

5. Page 6, line 14.

Strike: "on or"

6. Page 6, line 18.

Strike: "7.53"

Insert: "7.33"

7. Page 7, line 16.

Strike: "(2)"

8. Page 7, line 22 through page 8, line 2.

Strike: subsection (2) in its entirety

9. Page 8.

Following: line 2

Insert: "Section 3. Section 15-30-103, MCA, is amended to read:

Committee Vote:

Yes 11, No 1.

622022SC.Hss

"15-30-103. Rate of tax -- adjustment. (1) ~~There shall be Subject to subsection (2), there is levied, collected, and paid for each taxable year commencing on or after December 31, 1968 1994, upon the taxable income of every taxpayer individual subject to this tax, after making allowance for exemptions and deductions as hereinafter provided, a tax at the rate of 7.4% of the individual's taxable income on the following brackets of taxable income as adjusted under subsection (2) at the following rates:~~

- ~~(a) on the first \$1,000 of taxable income or any part thereof, 2%;~~
- ~~(b) on the next \$1,000 of taxable income or any part thereof, 3%;~~
- ~~(c) on the next \$2,000 of taxable income or any part thereof, 4%;~~
- ~~(d) on the next \$2,000 of taxable income or any part thereof, 5%;~~
- ~~(e) on the next \$2,000 of taxable income or any part thereof, 6%;~~
- ~~(f) on the next \$2,000 of taxable income or any part thereof, 7%;~~
- ~~(g) on the next \$4,000 of taxable income or any part thereof, 8%;~~
- ~~(h) on the next \$6,000 of taxable income or any part thereof, 9%;~~
- ~~(i) on the next \$15,000 of taxable income or any part thereof, 10%;~~
- ~~(j) on any taxable income in excess of \$35,000 or any part thereof, 11%.~~

(2) ~~By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) by the inflation factor for that taxable year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that taxable year and shall be used as the basis for imposition of the tax in subsection (1) of this section.~~ (a) The department shall, pursuant to subsection (2) (b), adjust the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The adjustment must maintain a rate that produces revenue that does not exceed 7.4% of taxable income based upon the definition of federal adjusted gross income as provided in 26 U.S.C. 62 on January 1, 1993. Prior to adopting a change in rate, the department shall present the proposed change to the revenue oversight committee for review by the committee.

(b) (i) For purposes of subsection (2) (a), for tax year 1994 and each tax year thereafter, the department shall in the succeeding year determine the change in the amount of revenue collected resulting from changes made by the United

States congress to federal adjusted gross income, as defined by the Internal Revenue Code, effective for that year.

(ii) Based on the determination in subsection (2)(b)(i), the tax rate for the tax year following the determination must be adjusted in increments of 0.1%.

(iii) A change in the rate may not be made unless the amount of change exceeds \$4.5 million."

Renumber: subsequent sections

10. Page 8, lines 9 through 14.

Strike: "After" on line 9 through "Montana." on line 14

11. Page 17, line 6.

Following: "(6)"

Insert: "(a) The exemptions provided for in this section are reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000.

(b) "

12. Page 17, line 7.

Strike: "1992"

Insert: "1993"

13. Page 19, line 4.

Strike: "(2)(d)"

Insert: "(2)(e)"

14. Page 19, line 5.

Following: line 4

Insert: "40% of Montana adjusted gross income, but not less than \$2,000 or more than"

15. Page 19, line 8.

Following: "is"

Insert: "40% of Montana adjusted gross income, but not less than \$4,000 or more than"

16. Page 19, line 12.

Following: line 11

Insert: "40% of Montana adjusted gross income, but not less than \$3,000 or more than"

17. Page 19, line 17.

Following: "is"

Insert: "40% of Montana adjusted gross income, but not less than \$2,000 or more than"

18. Page 19.

Following: line 17

Insert: "(e) The standard deductions provided for in this subsection (2) are reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000."

19. Page 19, line 25.

Strike: "1994"

Insert: "1993"

20. Page 21, line 2.

Following: "rate of"

Strike: "\$1"

Insert: "1%

21. Page 21, line 3.

Strike: "\$2"

Insert: "\$20,000"

22. Page 29, line 1.

Following: "(Temporary)"

Insert: "for tax year 1993"

23. Page 29, line 5.

Strike: "6 3/4%"

Insert: "7.08%"

24. Page 29, line 7.

Strike: "7 1/4%"

Insert: "7.57%"

25. Page 29, line 15.

Following: "is"

Insert: ":

(a)"

Strike: "7% of all"

Insert: "7.33% of the first \$500,000 of"

Following: "period"

Insert: "; and

(b) 7.82% of all net income in excess of \$500,000 for the taxable period"

26. Page 29, line 18.

Strike: "\$50"

Insert: "\$100"

27. Page 29, line 19 through page 30, line 1.

Strike: subsections (4) and (5) in their entirety

28. Page 30, line 2.

Strike: "on receipt of taxes"

29. Page 30, line 3.

Strike: "1993"

Insert: "1994 and thereafter"

30. Page 30, line 16.

Following: "is"

Insert: ":"

(a) "

Strike: "all"

Insert: "the first \$500,000 of"

Following: "period"

Insert: "; and

(b) 7.5% of all net income in excess of \$500,000 for
the taxable period"

31. Page 30, lines 20 through 24.

Strike: subsection (4) in its entirety

32. Page 36, lines 8 and 10.

Strike: "8"

Insert: "9"

33. Page 37, line 1.

Strike: "and"

Following: "15-30-160,"

Insert: "and 15-30-199,"

34. Page 37, line 4.

Following: "applicability."

Insert: "(1)"

Strike: "[This"

Insert: "Except as provided in subsection (2), [this"

35. Page 37.

Following: line 6

Insert: "(2)(a) [Section 2] is effective on passage and approval
and applies retroactively, within the meaning of 1-2-109, to
the tax years beginning after December 31, 1992.

(b) [Section 3] is effective on passage and approval
and applies to tax years beginning after December 31, 1994.

NEW SECTION. Section 25. Termination. [Section 2]
terminates December 31, 1994."

AMENDMENTS
HB 671
INTRODUCED VERSION
PREPARED BY THE DEPARTMENT OF REVENUE
March 17, 1993

The purpose of amendments 1, 3, 4, 9, 10, 11, 12, 13, 14, and 15 is to repeal the surtax on the individual income tax and corporation license tax and to replace the revenue.

The purpose of amendment 2 is to make 1993 the base year from which to measure the inflation factor for indexing.

The purpose of amendment 5 is to clarify the taxation of non-residents.

The purpose of amendments 6 and 7 is to make the indexing of standard deductions consistent with the indexing of the personal exemptions.

The purpose of amendment 8 is to provide that the one time tax credit for sale of a business, trade or profession is reduced by 1% for every \$20,000 of gain received by the taxpayer in excess of \$1 million.

1. Title, line 21
Following: "15-30-159,"
Strike: "AND"
Following: "15-30-160,"
Insert: "AND 15-30-199,"
2. Page 3, line 20
Following: "for June, ~~1900~~"
Strike: "1994"
Insert: "1993"
3. Page 6, line 12
Following: "15-30-103."
Insert: "(Temporary for tax year 1993)"

line 13
Strike: "Subject to subsection (2), there"
Insert: "There"

line 14
Following: "and paid for"
Strike: "each"
Insert: "the"
Following: "year commencing"
Strike "on or"

line 18
Following: "at the rate of"
Strike: "7.5%"

Strike: The remainder of line 9 and lines 10 through 14 in their entirety.

6. Page 17, line 7
Strike: "1992,"
Insert: "1993,"

7. Page 19, line 25
Following: "31,"
Strike: "1994"
Insert: "1993"

8. Page 21, line 2
Following: "at the rate of"
Strike: "\$1"
Insert: "1%"

Line 3
Following: "every"
Strike: "\$2"
Insert: "\$20,000"

9. Page 29 line 1
Following: "(Temporary"
Insert: "for tax year 1993"

10. Page 29, line 5
Following: "(a)"
Strike: "6 3/4%"
Insert: "7.08%"

line 7
Following: "(b)"
Strike: "7 1/4%"
Insert: "7.57%"

line 13
Following: "(2)"
Insert: "(a)"

line 15
Following: "is"
Strike "7% of all"
Insert: "7.33% of the first \$500,000 of"
Following: "the taxable period"
Strike "."

Insert: "; and (b) 7.82% of all net income in excess of \$500,000 for the taxable period."

line 18
Strike: "\$50"
Insert: "\$100"

Amendments to House Bill No. 671
First Reading Copy

Requested by DOR
For the Committee on Taxation

Prepared by Lee Heiman
March 18, 1993

Informational

1. Title, line 21.
Strike: the first "AND"
Following: "15-30-160,"
Insert: "AND 15-30-199,"
2. Page 3, line 20.
Strike: "1994"
Insert: "1993"
3. Page 6, line 12.
Following: "15-30-103."
Insert: "(Temporary for tax years 1993 and 1994)"
Strike: "-- adjustment"
Strike: "(1)"
4. Page 6, line 13.
Strike: "Subject to subsection (2), there"
Insert: "There"
5. Page 6, line 14.
Strike: "on or"
6. Page 6, line 18.
Strike: "7.5%"
Insert: "7.3%"
7. Page 7, line 16.
Strike: "(2)"
8. Page 7, line 22 through page 8, line 2.
Strike: subsection (2) in its entirety
9. Page 8.
Following: line 2
Insert: "Section 3. Section 15-30-103, MCA, is amended to read:
 "15-30-103. Rate of tax -- adjustment. (1) There shall
 be Subject to subsection (2), there is levied, collected,
 and paid for each taxable year commencing on or after
 December 31, ~~1968~~ 1994, upon the taxable income of every
 ~~taxpayer~~ individual subject to this tax, after making
 allowance for exemptions and deductions ~~as hereinafter~~
 provided, a tax at the rate of 7.4% of the individual's
 taxable income on the following brackets of taxable income
 ~~as adjusted under subsection (2) at the following rates:~~

~~(a) on the first \$1,000 of taxable income or any part thereof, 2%;~~
~~(b) on the next \$1,000 of taxable income or any part thereof, 3%;~~
~~(c) on the next \$2,000 of taxable income or any part thereof, 4%;~~
~~(d) on the next \$2,000 of taxable income or any part thereof, 5%;~~
~~(e) on the next \$2,000 of taxable income or any part thereof, 6%;~~
~~(f) on the next \$2,000 of taxable income or any part thereof, 7%;~~
~~(g) on the next \$4,000 of taxable income or any part thereof, 8%;~~
~~(h) on the next \$6,000 of taxable income or any part thereof, 9%;~~
~~(i) on the next \$15,000 of taxable income or any part thereof, 10%;~~
~~(j) on any taxable income in excess of \$35,000 or any part thereof, 11%.~~

(2) ~~By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) by the inflation factor for that taxable year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that taxable year and shall be used as the basis for imposition of the tax in subsection (1) of this section.~~ (a) The department shall, pursuant to subsection (2)(b), adjust the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The adjustment must maintain a rate that produces revenue that does not exceed 7.4% of taxable income based upon the definition of federal adjusted gross income as provided in 26 U.S.C. 62 on January 1, 1993. Prior to adopting a change in rate, the department shall present the proposed change to the revenue oversight committee for review by the committee.

(b)(i) For purposes of subsection (2)(a), for tax year 1994 and each tax year thereafter, the department shall in the succeeding year determine the change in the amount of revenue collected resulting from changes made by the United States congress to federal adjusted gross income, as defined by the Internal Revenue Code, effective for that year.

(ii) Based on the determination in subsection (2)(b)(i), the tax rate for the tax year following the determination must be adjusted in increments of 0.1%.

(iii) A change in the rate may not be made unless the amount of change exceeds \$4.5 million."

Renumber: subsequent sections

10. Page 8, lines 9 through 14.

Strike: "After" on line 9 through "Montana." on line 14

11. Page 17, line 6.

Following: "(6)"

Insert: "(a) The exemptions provided for in this section are

reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000.

(b) "

12. Page 17, line 7.

Strike: "1992"

Insert: "1993"

13. Page 19, line 4.

Strike: "(2)(d)"

Insert: "(2)(e)"

14. Page 19, line 5.

Following: line 4

Insert: "40% of Montana adjusted gross income, but not less than \$2,000 or more than"

15. Page 19, line 8.

Following: "is"

Insert: "40% of Montana adjusted gross income, but not less than \$4,000 or more than"

16. Page 19, line 12.

Following: line 11

Insert: "40% of Montana adjusted gross income, but not less than \$3,000 or more than"

17. Page 19, line 17.

Following: "is"

Insert: "40% of Montana adjusted gross income, but not less than \$2,000 or more than"

18. Page 19.

Following: line 17

Insert: "(e) The standard deductions provided for in this subsection (2) are reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000."

19. Page 19, line 25.

Strike: "1994"

Insert: "1993"

20. Page 21, line 2.

Following: "rate of"

Strike: "\$1"

Insert: "1%"

21. Page 21, line 3.

Strike: "\$2"

Insert: "\$20,000"

22. Page 29, line 1.

Following: "(Temporary"

Insert: "for tax year 1993"

23. Page 29, line 5.

Strike: "6 3/4%"

Insert: "7.08%"

24. Page 29, line 7.

Strike: "7 1/4%"

Insert: "7.57%"

25. Page 29, line 15.

Following: "is"

Insert: ":

(a) "

Strike: "7% of all"

Insert: "7.33% of the first \$500,000 of"

Following: "period"

Insert: "; and

(b) 7.82% of all net income in excess of \$500,000 for
the taxable period"

26. Page 29, line 18.

Strike: "\$50"

Insert: "\$100"

27. Page 29, line 19 through page 30, line 1.

Strike: subsections (4) and (5) in their entirety

28. Page 30, line 2.

Strike: "on receipt of taxes"

29. Page 30, line 3.

Strike: "1993"

Insert: "1994 and thereafter"

30. Page 30, line 16.

Following: "is"

Insert: ":

(a) "

Strike: "all"

Insert: "the first \$500,000 of"

Following: "period"

Insert: "; and

(b) 7.5% of all net income in excess of \$500,000 for
the taxable period"

31. Page 30, lines 20 through 24.

Strike: subsection (4) in its entirety

32. Page 36, lines 8 and 10.

Strike: "8"

Insert: "9"

33. Page 37, line 1.

Strike: "and"

Following: "15-30-160,"

Insert: "and 15-30-199,"

34. Page 37, line 4.

Following: "applicability."

Insert: "(1)"

Strike: "[This"

Insert: "Except as provided in subsection (2), [this"

35. Page 37.

Following: line 6

Insert: "(2)(a) [Section 2] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to the tax years beginning after December 31, 1992.

(b) [Section 3] is effective on passage and approval and applies to tax years beginning after December 31, 1994.

NEW SECTION. Section 25. Termination. [Section 2] terminates December 31, 1994."

AMENDMENTS
HB 671
INTRODUCED VERSION
PREPARED BY THE DEPARTMENT OF REVENUE
March 18, 1993

OPTION A

The purpose of amendment #1 is to clarify the requirement the department must adjust the tax rate to account for changes in federal adjusted gross income. The amendment provides the necessary guidelines to avoid problems which may result from an unconstitutional delegation of authority.

1. Page 7,
Following: line 15
Strike: Subsection (2) in its entirety.
Insert: "(2)(a) The department must pursuant to subsection (b) adjust the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The adjustment must maintain a rate that produces revenue that does not exceed 7.48% of taxable income based upon the definition of federal adjusted gross income as provided in 26 U.S.C. section 62 on January 1, 1993.
(b)(i) For purposes of subsection (a) for tax year 1993 and every tax year thereafter, the department shall in the succeeding year, determine the change in the amount of revenue collected resulting from changes to federal adjusted gross income, as defined by the internal revenue code effective for that year, made by the United States Congress.
(ii) Based on the determination in subsection (i) the tax rate for the tax year following the determination must be adjusted in increments of 0.1%. ~~for each increment of change equaling \$4.5 million.~~
(iii) No change in the rate shall be made unless the amount of change ~~equals~~ \$4.5 million."

Free of

add Rev. Amendment language

AMENDMENTS
HB 671
INTRODUCED VERSION
PREPARED BY THE DEPARTMENT OF REVENUE
March 18, 1993

OPTION B

The purpose of amendment #1 is to require the department to report to the legislature at each regular session the effect any changes in federal adjusted gross income had on revenue collection for the previous tax years for which the department has complete data, and recommend to the legislature the adjustment necessary to the tax rate as result of those changes.

1. Page 7,

Following: line 15

Strike: Subsection (2) in its entirety.

Insert: "(2) At least 20 days before each regular session of the legislature the department must transmit to the legislature a report which describes the effect of any changes made by the United States Congress to the definition of federal adjusted gross income, as provided in 26 U. S. C. section 62 on January 1, 1993 since the last regular session of the legislature. The report must also contain the department's recommendation of the adjustment required to maintain revenue collections at the amount which would have collected under the January 1, 1993, definition of federal adjusted gross income. The department shall only be required to report on any tax year for which all of the relevant data is available.

House Tax Alternative Income Tax Proposal -- All Households -- Calendar Year 1993

19-Mar-93

DATE 3/10/93
HUB 681.00

Income Bracket		Total Income	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households		Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of	Number of	No	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	20,088	23,447,880	19,232	19,232	0	0	646	0	19,440	15,228	20,088	3,223	0.00%	0.08%	0.00%	0.01%	0.00%	(1)
2,000 - 4,000	21,546	64,597,176	354,476	354,476	0	0	15,228	0	6,318	5,346	21,546	170,688	0.00%	0.55%	0.00%	0.12%	0.00%	(16)
4,000 - 6,000	16,468	91,868,580	790,733	790,733	52,860	52,860	12,284	0	5,184	5,027	16,367	171,933	0.00%	0.86%	0.06%	0.26%	0.02%	(40)
6,000 - 8,000	17,010	118,636,918	1,243,131	1,243,131	558,496	558,496	11,876	162	5,022	4,698	16,566	169,527	0.05%	1.05%	0.47%	0.41%	0.17%	(40)
8,000 - 10,000	16,630	168,044,544	2,114,611	2,113,860	1,267,702	1,264,489	15,066	162	3,402	3,240	10,368	180,873	0.07%	1.26%	0.75%	0.70%	0.39%	(45)
10,000 - 12,000	16,080	177,124,145	2,620,814	2,608,588	1,713,600	1,692,510	12,414	1,206	2,460	1,816	8,067	177,203	7.50%	1.47%	0.99%	0.87%	0.52%	(56)
12,000 - 14,000	14,286	185,140,662	3,106,162	3,086,178	2,436,004	2,409,011	7,828	4,802	1,556	1,616	5,796	154,793	33.61%	1.67%	1.33%	1.03%	0.75%	(47)
14,000 - 16,000	14,056	210,806,380	4,018,768	3,986,730	3,196,390	3,153,540	8,370	4,520	1,166	1,126	5,452	159,553	32.16%	1.89%	1.50%	1.33%	0.98%	(59)
16,000 - 18,000	13,088	222,094,204	4,634,040	4,573,288	3,780,910	3,691,062	7,482	4,400	1,206	1,046	4,488	157,173	33.62%	2.06%	1.66%	1.54%	1.16%	(65)
18,000 - 20,000	12,170	229,827,114	5,173,542	5,081,126	4,679,868	4,540,774	6,646	4,880	644	644	4,090	154,813	40.10%	2.21%	1.87%	1.72%	1.43%	(41)
20,000 - 25,000	26,368	593,473,534	15,470,652	15,115,773	13,044,995	12,588,927	15,762	9,720	886	1,006	6,528	155,783	36.86%	2.56%	2.12%	5.14%	3.99%	(92)
25,000 - 30,000	22,800	674,388,966	18,125,746	17,452,590	17,088,961	16,191,890	13,000	8,578	922	792	2,272	157,023	38.94%	2.80%	2.59%	6.02%	5.23%	(45)
30,000 - 35,000	18,468	596,717,404	19,507,246	18,168,662	19,769,351	18,043,918	9,338	8,836	294	434	516	150,563	47.84%	3.03%	3.01%	6.48%	6.06%	14
35,000 - 40,000	15,890	594,872,990	21,311,538	19,649,943	22,595,581	20,517,639	6,940	8,678	272	184	202	143,680	54.61%	3.30%	3.45%	7.08%	6.91%	175
40,000 - 45,000	14,368	609,335,472	22,467,844	20,555,122	24,884,226	22,592,797	5,154	8,920	294	294	242	135,873	62.08%	3.37%	3.71%	7.46%	7.64%	175
45,000 - 50,000	11,559	548,067,225	21,385,542	18,999,819	24,088,764	21,196,216	3,302	7,969	288	162	202	128,573	68.94%	3.47%	3.87%	7.10%	7.37%	234
50,000 - 55,000	9,300	487,935,610	19,726,673	16,485,426	22,683,022	16,780,858	2,266	6,989	45	37	0	124,373	75.15%	3.38%	3.85%	6.55%	6.94%	318
55,000 - 60,000	6,146	352,685,907	14,444,387	11,696,520	17,252,168	13,839,011	1,239	4,877	30	22	40	120,163	79.35%	3.32%	3.92%	4.80%	5.28%	457
60,000 - 65,000	5,176	322,605,068	13,681,746	10,874,681	16,393,617	12,964,681	765	4,383	30	0	0	114,773	84.65%	3.37%	4.02%	4.54%	5.02%	524
65,000 - 70,000	3,508	236,487,673	10,265,345	8,032,187	12,437,126	9,671,325	453	3,068	47	44	40	112,913	85.75%	3.40%	4.09%	3.41%	3.81%	619
70,000 - 75,000	2,516	182,095,246	8,192,697	6,458,406	9,843,888	7,697,278	345	2,167	4	4	0	113,711	86.13%	3.55%	4.23%	2.72%	3.01%	656
75,000 - 80,000	1,862	143,952,442	6,471,111	5,070,681	7,687,204	6,247,206	199	1,658	5	0	0	110,693	89.04%	3.52%	4.34%	2.15%	2.44%	814
80,000 - 90,000	2,496	210,822,610	9,788,614	7,607,038	11,919,920	9,211,001	330	2,158	4	5	0	113,223	86.46%	3.61%	4.37%	3.25%	3.65%	854
90,000 - 100,000	1,579	149,336,708	7,216,317	5,620,890	8,689,131	6,734,960	199	1,375	5	5	0	112,603	87.08%	3.76%	4.51%	2.40%	2.66%	933
100,000 - 110,000	1,045	109,524,438	5,516,416	4,167,386	5,563,020	4,952,937	147	893	5	1	0	114,073	85.45%	3.82%	4.53%	1.83%	2.01%	1,002
110,000 - 120,000	765	87,762,380	4,452,611	3,337,961	5,319,440	3,975,030	113	850	2	2	0	114,773	84.97%	3.80%	4.53%	1.48%	1.63%	1,120
120,000 - 130,000	613	75,534,583	3,954,032	2,947,661	4,661,436	3,476,775	98	514	1	4	0	115,993	83.85%	3.85%	4.54%	1.31%	1.43%	1,154
130,000 - 140,000	446	60,543,348	3,274,259	2,404,623	3,795,060	2,790,347	72	377	0	1	0	116,043	83.86%	3.97%	4.61%	1.09%	1.16%	1,166
140,000 - 150,000	366	52,931,376	2,843,686	2,208,194	3,399,640	2,549,350	61	305	0	2	0	116,673	83.33%	4.17%	4.82%	0.98%	1.04%	1,245
150,000 - & Above	2,526	785,647,298	48,892,645	35,224,031	59,625,319	40,791,006	242	2,292	2	3	0	9,583	90.24%	4.48%	5.19%	15.23%	17.32%	3,064
TOTALS	313,224	8,319,533,014	301,165,555	255,956,271	376,827,673	272,185,889	158,817	104,769	49,638	42,814	115,852	150,703	33.45%	3.08%	3.27%	100.00%	100.00%	82

Decile Group		Total Income	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households		Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of	Number of	No	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	31,590	52,974,162	164,224	164,224	0	0	9,072	0	22,518	17,820	31,590	128,723	0.00%	0.31%	0.00%	0.05%	0.00%	(5)
2	30,942	142,008,876	1,173,220	1,173,220	101,972	101,972	22,194	0	8,748	8,100	27,702	171,733	0.00%	0.83%	0.07%	0.39%	0.03%	(35)
3	31,428	253,875,388	2,952,250	2,951,959	1,650,128	1,676,916	23,166	324	7,938	7,452	17,496	173,713	1.03%	1.16%	0.66%	0.98%	0.51%	(40)
4	31,366	265,274,730	5,857,429	5,825,453	4,158,174	4,111,234	21,582	5,768	4,036	3,314	14,590	168,763	18.38%	1.58%	1.11%	1.54%	1.27%	(54)
5	31,308	506,573,432	10,175,881	10,061,816	8,381,957	8,204,722	17,894	10,720	2,694	2,494	11,344	157,153	34.24%	1.99%	1.62%	3.38%	2.56%	(57)
6	31,376	668,710,915	16,659,786	16,325,027	14,194,302	13,730,370	16,366	11,600	1,410	1,570	8,856	158,543	36.97%	2.44%	2.05%	5.54%	4.34%	(79)
7	31,444	866,668,314	25,576,234	24,500,814	24,334,070	22,901,192	17,732	12,750	962	854	3,138	165,393	40.55%	2.63%	2.64%	8.49%	7.45%	(40)
8	31,256	1,115,832,074	38,512,449	36,627,505	40,254,697	36,624,506	14,420	15,248	586	596	612	146,143	51.98%	3.19%	3.28%	12.79%	12.32%	56
9	31,348	1,458,458,992	56,260,101	49,805,763	63,288,601	55,426,734	9,777	20,981	590	493	444	131,193	66.83%	3.41%	3.80%	18.68%	18.36%	274
10	31,146	2,885,052,136	143,823,703	109,530,489	170,433,762	129,406,243	4,614	26,378	154	121	80	114,813	84.69%	3.80%	4.49%	47.76%	52.15%	854
10A	10,603	610,569,511	25,190,709	20,334,887	29,683,603	24,003,201	1,980	8,548	75	22	40	118,673	80.62%	3.33%	3.93%	8.36%	9.17%	452
10B	10,216	702,702,414	30,827,143	24,281,253	37,323,623	29,240,614	1,322	8,839	55	48	40	112,943	86.52%	3.46%	4.16%	10.24%	11.42%	636
10C	10,327	1,571,780,205	87,805,251	64,914,249	103,128,536	76,162,428	1,312	8,891	25	51	0	112,703	87.06%	4.13%	4.85%	29.16%	31.55%	1,484
TOTAL	313,224	8,319,533,014	301,165,557	255,956,270	376,827,674	272,185,889	158,817	104,769	49,638	42,814	115,852	150,703	33.45%	3.08%	3.27%	100.00%	100.00%	82

House Tax Alternative Income Tax Proposal -- Single Filers -- Calendar Year 1993

15-Mar-93

Income Bracket		Current Law		Proposed Law		Current to Proposed Law		No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax After Fed. Offset	Tax After Fed. Offset	Tax After Fed. Offset	Number of Gainers	Number of Losers	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	17,820	21,031,326	13,435	13,435	0	0	0	13,122	17,820	2,73%	0.00%	0.06%	0.00%	0.02%	0.00%	(1)
2,000 - 4,000	17,558	52,053,030	329,613	329,613	0	0	14,256	2,754	17,653	80.73%	0.00%	0.63%	0.00%	0.60%	0.00%	(19)
4,000 - 6,000	14,580	72,053,382	721,663	721,663	52,866	52,866	11,502	0	3,078	2,916	12,474	78.89%	0.00%	1.00%	0.07%	(46)
6,000 - 8,000	11,016	77,302,836	1,062,233	1,062,233	541,633	541,633	8,910	162	1,944	1,782	3,726	80.88%	1.47%	1.38%	0.54%	(48)
8,000 - 10,000	10,368	93,268,584	1,582,857	1,582,857	1,242,285	1,239,075	9,396	152	810	810	2,268	190.63%	1.56%	1.70%	1.52%	(33)
10,000 - 12,000	9,164	100,514,730	1,895,937	1,895,937	1,596,585	1,575,585	7,114	1,126	924	444	2,426	177.63%	12.29%	1.87%	1.57%	(33)
12,000 - 14,000	7,420	95,680,432	2,060,635	2,044,288	2,073,762	2,052,040	2,212	4,602	606	606	1,252	129.81%	62.02%	2.14%	2.14%	2
14,000 - 16,000	6,244	83,453,242	2,455,735	2,435,491	2,597,800	2,564,668	1,804	4,280	160	160	320	128.89%	68.55%	2.61%	2.74%	23
16,000 - 18,000	4,962	83,895,316	2,420,400	2,379,144	2,852,483	2,780,755	720	4,000	242	242	162	14.51%	80.61%	2.84%	3.31%	87
18,000 - 20,000	5,244	98,986,964	3,072,463	3,007,029	3,669,660	3,554,294	602	4,400	242	242	364	11.48%	83.91%	3.04%	3.59%	114
20,000 - 25,000	3,764	196,727,380	6,950,163	6,781,203	8,477,421	8,181,099	800	7,600	364	444	324	9.13%	86.72%	3.45%	4.16%	174
25,000 - 30,000	5,846	159,936,414	6,170,345	5,845,482	8,002,588	7,473,119	600	5,180	66	84	0	10.26%	88.61%	3.65%	4.67%	313
30,000 - 35,000	3,982	128,273,950	5,072,959	4,376,942	6,833,277	5,800,925	416	3,360	184	228	162	10.50%	84.88%	3.41%	4.52%	440
35,000 - 40,000	2,424	89,719,992	3,710,582	3,171,756	4,889,363	4,106,571	220	2,042	162	184	162	9.08%	84.24%	3.54%	4.58%	486
40,000 - 45,000	1,474	62,580,352	2,787,470	2,408,172	3,688,837	3,123,273	176	1,298	0	0	0	11.94%	88.06%	3.85%	4.99%	612
45,000 - 50,000	775	36,856,444	1,710,021	1,419,867	2,237,887	1,835,271	30	745	0	0	0	3.87%	96.13%	3.87%	5.01%	668
50,000 - 55,000	726	36,020,259	1,912,916	1,610,610	2,342,050	1,958,405	97	629	0	15	0	13.36%	86.64%	4.24%	5.15%	591
55,000 - 60,000	352	20,225,517	987,665	787,216	1,245,956	990,055	30	322	0	0	0	8.52%	91.48%	3.89%	4.90%	737
60,000 - 65,000	255	15,915,405	716,024	570,062	949,621	757,887	0	255	0	0	0	0.00%		3.58%	4.78%	916
65,000 - 70,000	202	13,827,910	742,990	620,951	892,012	737,913	7	195	0	1	0	3.47%	96.53%	4.56%	5.41%	738
70,000 - 75,000	167	12,185,023	584,696	464,175	782,752	613,650	6	161	0	0	0	3.59%	96.41%	3.81%	5.04%	1,162
75,000 - 80,000	104	8,038,073	439,894	355,394	537,957	431,181	8	96	0	0	0	7.69%	92.31%	4.42%	5.36%	943
80,000 - 90,000	210	17,874,522	875,857	682,535	1,077,954	828,561	39	171	0	1	0	18.57%	81.43%	3.82%	4.64%	902
90,000 - 100,000	118	11,312,956	582,312	471,921	744,216	585,710	9	110	0	2	0	7.56%	92.44%	4.17%	5.18%	1,277
100,000 - 110,000	91	9,474,811	504,913	395,827	622,674	483,909	5	86	0	0	0	5.49%	94.51%	4.18%	5.11%	1,294
110,000 - 120,000	47	5,373,621	295,021	221,830	348,834	259,358	8	41	0	0	0	12.77%	87.23%	4.13%	4.83%	1,141
120,000 - 130,000	54	6,744,153	373,318	279,997	447,893	333,885	3	51	0	0	0	5.56%	94.44%	4.15%	4.95%	1,377
130,000 - 140,000	45	6,485,575	347,704	265,622	424,915	321,351	4	44	0	1	0	8.33%	91.67%	4.05%	4.95%	1,591
140,000 - 150,000	34	4,820,358	266,986	208,294	338,279	264,399	3	31	0	2	0	8.82%	91.18%	4.23%	5.37%	2,067
150,000 - & Above	259	72,252,501	4,522,064	3,289,132	5,284,510	3,823,412	42	217	0	25	0	16.22%	83.78%	4.26%	4.95%	2,905
TOTALS	130,409	1,709,896,275	55,198,881	49,687,734	64,776,784	57,272,853	59,505	41,386	29,518	24,065	59,118	145.63%	31.74%	2.91%	3.35%	73

Decile Group		Current Law		Proposed Law		Current to Proposed Law		No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax After Fed. Offset	Tax After Fed. Offset	Tax After Fed. Offset	Number of Gainers	Number of Losers	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	27,702	46,280,322	152,881	152,881	0	0	8,586	0	19,116	14,580	27,702	130.99%	0.00%	0.33%	0.00%	(5)
2	23,976	108,910,980	1,054,536	1,054,536	101,972	101,972	19,116	0	4,860	4,374	20,736	79.73%	0.00%	0.97%	0.09%	(40)
3	19,116	154,126,800	2,384,615	2,383,827	1,637,852	1,634,639	16,700	324	2,592	2,430	5,508	84.75%	1.69%	1.55%	1.06%	(39)
4	17,032	199,893,664	4,031,514	4,003,244	3,713,286	3,671,055	9,934	5,568	1,530	1,010	3,678	58.33%	32.69%	2.00%	1.84%	(19)
5	12,966	206,507,518	5,889,262	5,805,873	6,660,308	6,516,361	2,684	9,880	402	442	482	120.70%	76.20%	2.78%	3.12%	59
6	11,242	237,635,104	7,912,995	7,730,956	9,588,257	9,251,085	1,202	9,440	606	646	688	110.69%	83.83%	3.25%	3.89%	147
7	8,206	225,101,886	8,707,915	8,148,283	11,335,167	10,453,787	768	7,374	66	146	0	9.36%	89.64%	3.62%	4.64%	320
8	5,420	189,555,054	7,696,026	6,841,996	10,224,866	8,679,792	572	4,502	345	390	324	110.55%	83.06%	3.50%	4.58%	467
9	2,642	121,579,335	5,718,384	4,836,242	7,345,734	6,139,286	244	2,398	0	15	0	9.24%	90.76%	3.98%	5.05%	617
10	2,099	217,955,608	11,650,745	8,929,697	14,185,340	10,824,876	199	1,900	0	32	0	9.48%	90.52%	4.10%	4.97%	206
10A	614	35,132,424	1,635,863	1,292,482	2,110,916	1,654,726	67	547	0	0	0	10.91%	89.09%	3.68%	4.71%	772
10B	600	41,560,755	2,122,184	1,742,326	2,664,569	2,171,994	70	580	0	1	0	3.33%	96.67%	4.19%	5.23%	904
10C	885	141,262,429	7,895,702	5,895,089	9,410,755	6,998,156	112	773	0	31	0	12.66%	87.34%	4.17%	4.95%	2,215
TOTAL	130,409	1,709,896,275	55,198,881	49,687,735	64,776,787	57,272,853	59,505	41,386	29,518	24,065	59,118	145.63%	31.74%	2.91%	3.35%	73

EXHIBIT -- # 4
DATE 3-19-93
1-HB-671

House Tax Alternative Income Tax Proposal -- Head of Household -- Calendar Year 1993

19-Mar-93

Income Bracket			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of	Number of	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	810	1,142,262	0	0	0	0	0	0	810	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0
2,000 - 4,000	648	1,860,000	2,874	2,874	0	0	162	0	486	486	648	25.00%	0.00%	0.15%	0.00%	0.02%	0.00%	(4)
4,000 - 6,000	1,296	6,445,856	26,323	26,323	0	0	572	0	324	486	1,296	75.00%	0.00%	0.41%	0.00%	0.22%	0.00%	(72)
6,000 - 8,000	1,620	10,967,724	105,603	105,603	16,863	16,863	1,296	0	324	324	1,458	100.00%	0.00%	0.96%	0.15%	0.89%	0.15%	(55)
8,000 - 10,000	2,268	20,604,132	263,259	263,259	0	0	2,106	0	162	162	2,268	100.00%	0.00%	1.26%	0.00%	2.22%	0.00%	(116)
10,000 - 12,000	1,968	21,936,924	323,164	323,164	36,320	36,320	1,888	40	40	40	1,328	95.93%	2.03%	1.47%	0.17%	2.73%	0.34%	(146)
12,000 - 14,000	1,080	14,259,800	293,015	293,015	130,925	130,925	960	80	40	40	280	88.89%	7.41%	2.05%	0.82%	2.47%	1.22%	(150)
14,000 - 16,000	1,280	18,885,280	386,026	381,108	178,501	174,021	1,200	80	0	0	520	93.75%	6.25%	2.02%	0.82%	3.26%	1.67%	(162)
16,000 - 18,000	1,440	24,544,320	628,251	620,966	374,269	367,239	1,280	120	40	0	120	88.89%	8.33%	2.53%	1.50%	5.30%	3.50%	(176)
18,000 - 20,000	920	17,549,520	401,048	394,438	281,598	271,001	720	200	0	0	160	78.26%	21.74%	2.25%	1.54%	3.38%	2.63%	(130)
20,000 - 25,000	2,442	54,447,344	1,526,784	1,480,382	1,358,244	1,301,272	1,680	600	162	162	282	68.80%	24.57%	2.72%	2.39%	12.88%	12.70%	(69)
25,000 - 30,000	1,766	47,950,898	1,605,144	1,550,798	1,559,007	1,491,644	1,022	582	162	162	162	57.87%	32.98%	2.23%	3.11%	13.54%	14.58%	(26)
30,000 - 35,000	836	26,523,750	1,104,291	1,047,969	1,100,155	1,035,649	462	374	0	0	0	55.26%	44.74%	3.95%	3.90%	9.31%	10.29%	(5)
35,000 - 40,000	638	23,833,678	1,094,399	995,171	1,131,278	1,018,491	330	308	0	0	0	51.72%	48.28%	4.18%	4.26%	9.23%	10.58%	58
40,000 - 45,000	330	13,850,892	634,774	546,773	708,163	602,974	86	242	0	0	0	76.67%	73.33%	3.95%	4.35%	5.35%	6.62%	222
45,000 - 50,000	284	13,372,342	645,797	521,534	713,676	570,101	90	194	0	0	0	31.69%	68.31%	3.90%	4.26%	5.47%	6.67%	228
50,000 - 55,000	97	5,121,065	242,041	191,597	271,344	213,785	15	82	0	0	0	15.48%	84.52%	4.17%	4.17%	2.04%	2.54%	302
55,000 - 60,000	45	2,552,240	126,510	116,536	154,864	126,917	15	30	0	0	0	33.33%	66.67%	4.56%	4.67%	1.18%	1.45%	341
60,000 - 65,000	37	2,324,380	39,878	32,717	72,855	57,637	0	37	0	0	0	0.00%	100.00%	1.41%	2.48%	0.34%	0.68%	891
65,000 - 70,000	35	2,343,941	107,300	81,577	132,894	100,680	3	32	0	0	0	8.57%	91.43%	3.48%	4.30%	0.90%	1.24%	731
70,000 - 75,000	22	1,590,275	92,176	75,492	100,712	81,323	6	16	0	0	0	27.27%	72.73%	4.75%	5.11%	0.78%	0.94%	388
75,000 - 80,000	12	928,519	46,166	33,247	58,562	43,496	1	11	0	0	0	8.33%	91.67%	3.58%	4.68%	0.39%	0.55%	1,033
80,000 - 90,000	36	3,208,712	167,406	151,209	202,735	160,194	10	26	2	1	0	26.33%	68.42%	4.71%	4.99%	1.58%	1.90%	403
90,000 - 100,000	21	1,863,182	109,681	80,734	124,301	91,270	1	20	0	0	0	4.76%	95.24%	4.11%	4.65%	0.93%	1.16%	696
100,000 - 110,000	18	1,876,762	109,570	78,447	121,029	85,571	3	15	0	0	0	16.67%	83.33%	4.18%	4.61%	0.92%	1.13%	637
110,000 - 120,000	16	1,822,921	98,859	70,242	118,588	84,505	2	14	0	0	0	12.50%	87.50%	3.85%	4.64%	0.83%	1.11%	1,233
120,000 - 130,000	12	1,495,032	80,912	58,271	90,381	65,022	3	8	1	0	0	25.00%	66.67%	3.90%	4.35%	0.68%	0.85%	789
130,000 - 140,000	10	1,335,747	76,011	52,448	82,479	59,911	2	8	0	0	0	20.00%	80.00%	3.93%	4.26%	0.64%	0.77%	647
140,000 - 150,000	8	1,155,294	63,713	48,040	74,274	56,242	1	7	0	0	0	12.50%	87.50%	4.16%	4.87%	0.54%	0.69%	1,320
150,000 - & Above	52	19,676,499	1,419,446	999,452	1,500,428	1,053,418	11	41	0	0	0	21.15%	78.85%	5.08%	5.35%	11.97%	14.03%	1,557
TOTALS	20,049	365,574,091	11,856,373	10,623,359	10,694,645	9,292,382	14,329	3,167	2,553	2,511	9,332	71.47%	15.80%	2.91%	2.54%	100.00%	100.00%	(58)

Decile Group			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of	Number of	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	1,296	2,389,824	2,874	2,874	0	0	162	0	1,134	1,134	1,296	12.50%	0.00%	0.12%	0.00%	0.02%	0.00%	(2)
2	1,782	9,074,430	52,329	52,329	0	0	1,296	0	486	486	1,782	72.73%	0.00%	0.58%	0.00%	0.44%	0.00%	(29)
3	3,078	24,744,204	261,453	261,453	16,863	16,863	2,592	0	486	486	2,916	84.21%	0.00%	1.06%	0.07%	2.21%	0.18%	(79)
4	3,374	36,776,600	657,560	657,560	137,236	137,236	3,254	80	40	40	2,054	96.44%	2.37%	1.70%	0.35%	5.55%	1.28%	(154)
5	3,120	50,048,880	1,152,506	1,140,302	633,115	621,506	2,760	280	80	40	680	88.46%	8.57%	2.28%	1.24%	9.72%	5.92%	(166)
6	2,642	55,766,824	1,452,892	1,422,125	1,263,706	1,207,866	1,840	640	162	162	402	69.64%	24.22%	2.55%	2.17%	12.34%	11.82%	(75)
7	2,706	73,967,815	2,529,998	2,427,491	2,441,151	2,320,844	1,646	900	162	162	202	60.76%	33.23%	3.28%	3.14%	21.34%	22.63%	(33)
8	1,078	38,846,510	1,788,859	1,645,277	1,811,680	1,665,588	572	506	0	0	0	53.06%	46.94%	4.24%	4.29%	14.92%	16.94%	40
9	600	27,232,174	1,275,703	1,030,688	1,421,561	1,141,546	134	466	0	0	0	22.33%	77.67%	3.78%	4.19%	10.76%	13.29%	243
10	371	44,726,729	2,692,251	1,983,309	2,969,332	2,179,932	73	295	3	1	0	19.66%	79.51%	4.43%	4.67%	22.71%	27.76%	747
10A	80	5,004,465	251,130	221,432	290,094	242,680	30	60	0	0	0	33.33%	66.67%	4.42%	4.85%	2.20%	2.71%	322
10B	102	6,870,550	258,699	210,822	344,121	268,086	10	92	0	0	0	9.80%	90.20%	3.07%	3.90%	2.27%	3.27%	738
10C	179	22,851,714	2,152,422	1,550,855	2,335,117	1,669,154	33	143	3	1	0	18.44%	79.89%	4.72%	5.08%	18.24%	21.63%	965
TOTAL	20,049	365,574,091	11,856,375	10,623,358	10,694,644	9,292,385	14,329	3,167	2,553	2,511	9,332	71.47%	15.80%	2.91%	2.54%	100.00%	100.00%	(58)

House Tax Alternative Income Tax Proposal -- Married Filing Joint -- Calendar Year 1993

19-Mar-93

Income Bracket			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar
Income Bracket	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	Change	Current Law	Proposed Law	Gainers	Losers	(After Federal Offset)	Current Law	Proposed Law	Change in Avg. Liability	
0 - 2,000	1,296	1,120,554	5,797	5,797	0	0	162	0	1,134	1,134	1,296	112.50%	0.00%	0.53%	0.00%	0.01%	0.00%	(4)
2,000 - 4,000	2,430	8,143,092	6,006	6,006	0	0	324	0	2,106	1,944	2,430	113.33%	0.00%	0.07%	0.00%	0.01%	0.00%	(2)
4,000 - 6,000	2,106	10,636,504	4,139	4,139	0	0	324	0	1,782	1,782	2,106	115.38%	0.00%	0.04%	0.00%	0.01%	0.00%	(2)
6,000 - 8,000	4,050	26,115,586	55,778	55,778	0	0	1,296	0	2,754	2,592	4,050	132.00%	0.00%	0.20%	0.00%	0.08%	0.00%	(14)
8,000 - 10,000	5,346	48,723,768	212,277	212,277	0	0	3,240	0	2,106	2,106	5,346	160.61%	0.00%	0.44%	0.00%	0.31%	0.00%	(140)
10,000 - 12,000	3,742	41,247,504	275,699	275,699	11,262	11,262	2,692	40	1,010	848	3,502	171.64%	1.07%	0.67%	0.03%	0.40%	0.02%	(71)
12,000 - 14,000	4,218	54,774,940	478,191	474,752	78,187	74,961	3,208	80	930	930	4,418	176.06%	1.90%	0.87%	0.14%	0.69%	0.13%	(95)
14,000 - 16,000	4,650	70,218,954	748,092	742,211	194,085	190,839	3,644	40	966	886	3,530	178.37%	0.86%	1.06%	0.27%	1.08%	0.21%	(119)
16,000 - 18,000	4,366	74,162,968	899,166	892,999	210,252	205,095	3,442	120	804	764	3,126	178.84%	2.75%	1.20%	0.28%	1.30%	0.34%	(158)
18,000 - 20,000	3,764	71,050,064	1,056,295	1,051,622	397,115	388,646	3,202	200	362	362	2,404	185.07%	5.31%	1.48%	0.55%	1.54%	0.64%	(178)
20,000 - 25,000	8,002	180,188,854	3,849,464	3,769,137	1,582,189	1,521,935	6,962	720	338	400	3,122	167.00%	9.00%	2.09%	0.84%	5.56%	2.54%	(263)
25,000 - 30,000	5,978	190,040,060	4,883,913	4,775,250	3,269,165	3,113,569	5,178	1,212	588	548	1,190	174.20%	17.37%	3.49%	1.64%	7.05%	5.25%	(231)
30,000 - 35,000	5,156	166,841,352	5,458,615	5,196,881	4,335,723	3,985,366	3,954	1,202	0	206	186	176.69%	23.31%	3.11%	2.39%	7.88%	6.80%	(237)
35,000 - 40,000	4,062	151,787,576	6,071,257	5,657,048	5,205,725	4,784,975	3,072	968	22	0	40	175.63%	23.83%	3.73%	3.15%	8.76%	8.36%	(213)
40,000 - 45,000	3,772	160,011,478	6,320,551	5,804,137	5,820,690	5,302,030	2,536	1,030	206	272	242	167.23%	27.31%	3.63%	3.31%	9.12%	9.35%	(133)
45,000 - 50,000	2,418	114,576,816	5,090,411	4,605,539	4,558,709	4,078,519	1,639	596	184	162	202	167.78%	24.61%	4.02%	3.56%	7.35%	7.32%	(220)
50,000 - 55,000	1,362	71,450,209	3,445,752	2,864,879	3,415,817	2,816,482	816	546	0	0	0	59.81%	40.09%	4.01%	3.94%	4.97%	5.48%	(22)
55,000 - 60,000	1,133	65,027,491	3,014,626	2,432,139	2,962,214	2,366,633	587	546	0	22	40	151.81%	48.19%	3.74%	3.64%	4.35%	4.76%	(46)
60,000 - 65,000	922	57,425,777	2,941,557	2,291,938	2,951,218	2,282,685	495	412	15	0	0	153.69%	44.69%	3.99%	3.97%	4.25%	4.74%	10
65,000 - 70,000	724	48,712,101	2,224,128	1,714,061	2,426,346	1,862,324	262	420	42	41	40	136.19%	58.01%	3.52%	3.82%	3.21%	3.90%	279
70,000 - 75,000	401	28,981,403	1,506,776	1,193,152	1,590,163	1,244,095	154	245	2	4	0	138.40%	51.10%	4.12%	4.29%	2.17%	2.55%	206
75,000 - 80,000	344	26,535,823	1,235,991	1,041,621	1,470,754	1,144,053	119	222	3	0	0	134.59%	64.53%	3.92%	4.31%	1.93%	2.36%	392
80,000 - 90,000	458	38,660,560	1,973,180	1,490,150	2,199,749	1,655,788	144	311	3	2	0	131.44%	67.90%	3.85%	4.28%	2.65%	3.53%	495
90,000 - 100,000	229	31,049,157	1,613,944	1,235,732	1,742,761	1,325,782	89	227	3	3	0	130.09%	69.00%	3.88%	4.27%	2.33%	2.80%	392
100,000 - 110,000	227	23,773,266	1,350,072	1,009,939	1,444,943	1,076,433	87	136	4	1	0	138.33%	59.91%	4.25%	4.54%	1.95%	2.32%	418
110,000 - 120,000	180	20,687,042	1,163,117	834,404	1,296,479	932,393	53	126	1	2	0	129.44%	70.00%	4.03%	4.51%	1.68%	2.08%	741
120,000 - 130,000	136	16,617,649	960,928	697,620	1,054,154	765,492	47	89	0	4	0	134.56%	65.44%	4.12%	4.52%	1.39%	1.69%	685
130,000 - 140,000	105	14,705,405	864,880	612,672	942,695	665,475	39	70	0	0	0	135.78%	64.22%	4.16%	4.33%	1.25%	1.51%	714
140,000 - 150,000	96	12,894,934	847,701	622,677	903,664	660,773	32	64	0	0	0	133.33%	66.67%	4.48%	4.76%	1.22%	1.45%	583
150,000 - & Above	691	109,672,104	10,617,410	7,526,500	12,213,417	8,729,536	79	521	1	4	0	113.14%	86.69%	4.52%	5.24%	15.32%	19.77%	2,822
TOTALS	73,378	1,896,394,841	69,285,714	59,046,056	62,277,499	51,186,159	47,888	10,142	15,348	15,017	36,270	165.26%	13.82%	2.96%	2.56%	100.00%	100.00%	(96)

Decile Group		Total Income	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates (After Federal Offset)		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households		Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	1,944	2,858,328	5,797	5,797	0	0	162	0	1,782	1,782	1,944	8.33%	0.00%	0.20%	0.00%	0.01%	0.00%	(3)
2	4,374	20,244,330	14,436	14,436	0	0	972	0	3,402	3,240	4,374	22.22%	0.00%	0.07%	0.00%	0.02%	0.00%	(3)
3	8,262	67,407,552	234,904	234,904	0	0	3,726	0	4,536	4,374	8,262	45.10%	0.00%	0.35%	0.00%	0.34%	0.00%	(28)
4	8,206	96,853,986	767,519	764,567	85,093	82,541	6,226	80	1,900	1,738	7,206	175.67%	0.97%	0.79%	0.09%	1.11%	0.14%	(83)
5	10,418	168,180,954	1,900,707	1,881,283	496,930	482,373	8,126	280	2,012	1,892	7,818	178.00%	2.69%	1.12%	0.29%	2.74%	0.80%	(135)
6	9,846	210,345,708	4,118,130	4,042,284	1,662,392	1,604,084	8,404	800	642	722	4,606	185.35%	8.13%	1.92%	0.76%	5.94%	2.67%	(249)
7	9,304	255,753,306	5,771,010	5,561,512	4,583,412	4,377,086	6,952	1,764	588	546	1,594	174.72%	16.96%	2.57%	1.71%	9.77%	7.36%	(235)
8	8,186	290,772,828	10,816,572	10,112,300	8,890,864	8,204,018	6,440	1,724	22	206	142	178.67%	21.06%	3.48%	2.82%	15.61%	14.28%	(235)
9	6,819	311,444,611	12,324,197	11,992,266	12,282,095	10,942,603	4,519	1,910	390	434	444	166.27%	28.01%	3.85%	3.51%	15.23%	15.72%	(153)
10	6,019	572,530,140	31,332,036	23,436,707	34,275,712	25,452,255	2,361	3,584	74	83	80	139.23%	59.54%	4.09%	4.45%	45.22%	55.04%	486
10A	1,904	109,610,733	5,242,208	4,202,596	5,223,526	4,149,439	1,021	868	15	22	40	153.62%	45.59%	3.83%	3.79%	7.57%	8.39%	(10)
10B	1,906	130,675,541	6,377,706	4,958,969	6,821,712	5,277,629	729	1,131	46	45	40	138.25%	58.34%	3.79%	4.03%	8.20%	10.95%	232
10C	2,209	332,043,866	19,711,125	16,275,142	22,230,474	18,066,167	611	1,585	13	16	0	127.66%	71.75%	4.30%	6.84%	28.45%	35.70%	1,142
TOTAL	73,378	1,996,394,841	69,285,711	59,046,056	62,277,498	51,186,160	47,888	10,142	15,348	15,017	36,270	165.26%	13.82%	2.96%	2.56%	100.00%	100.00%	(96)

DATE 3-19-93
#8-671

House Tax Alternative Income Tax Proposal -- Married Filing Separate -- Calendar Year 1993

19-Mar-93

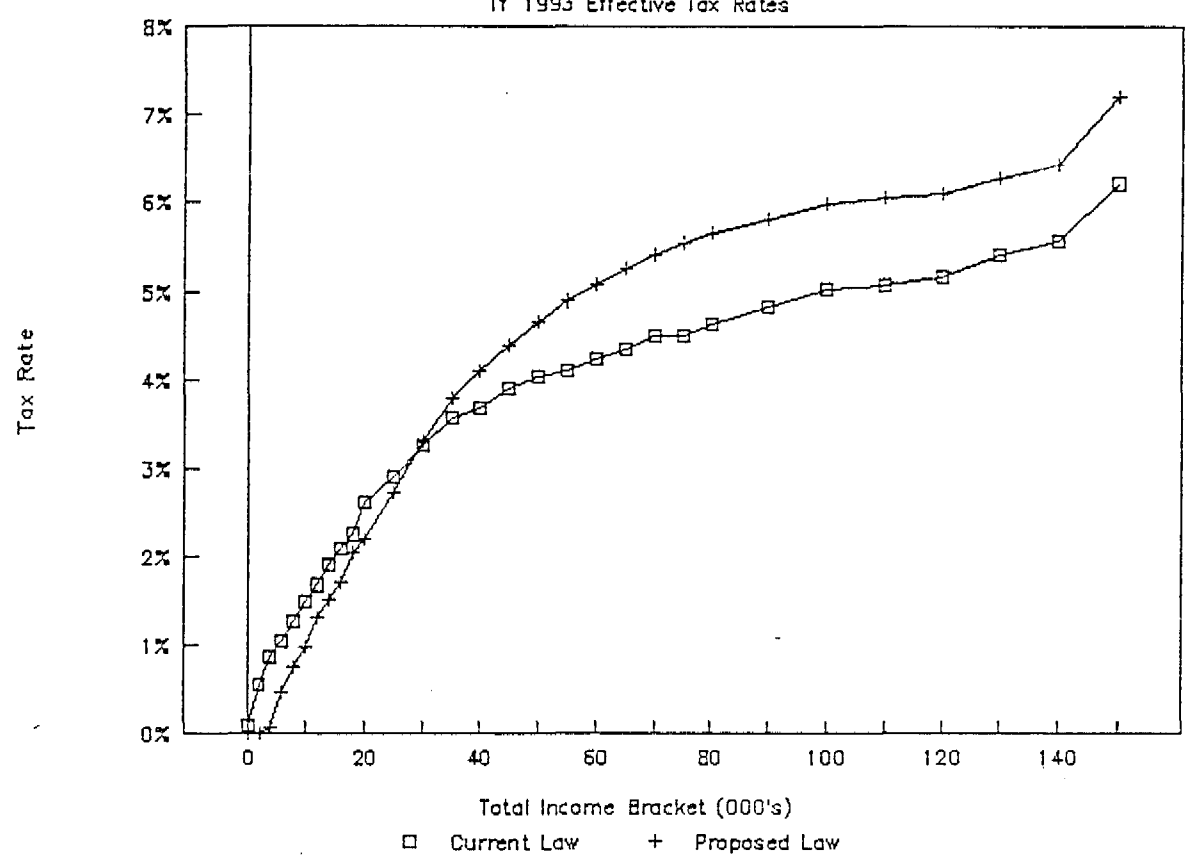
Income Bracket		Current Law		Proposed Law		Current to Proposed Law		No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers/Losers/Change	Current Law	Proposed Law	Gainers/Losers	(After Federal Offset) Current Law Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	162	153,738	0	0	0	0	0 0 162	162	162	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
2,000 - 4,000	810	2,538,054	16,033	16,033	0	0	486 0 324	162	810	60.00%	0.00%	0.63%	0.00%	0.01%	0.00%	(20)
4,000 - 6,000	486	2,533,032	38,607	38,607	0	0	486 0 0	0	486	100.00%	0.00%	1.52%	0.00%	0.02%	0.00%	(79)
6,000 - 8,000	324	2,252,772	15,518	15,518	0	0	324 0 0	0	324	100.00%	0.00%	0.69%	0.00%	0.01%	0.00%	(48)
8,000 - 10,000	648	5,448,060	56,257	56,257	25,413	25,413	324 40 324	162	486	50.00%	0.00%	1.03%	0.47%	0.03%	0.01%	(48)
10,000 - 12,000	1,206	13,324,990	126,094	125,970	69,429	69,338	720 0 486	486	806	59.70%	0.00%	0.95%	0.52%	0.04%	0.04%	(77)
12,000 - 14,000	1,568	20,425,490	274,113	274,113	153,130	151,064	1,448 40 80	0	648	92.35%	2.55%	1.34%	0.74%	0.17%	0.08%	(44)
14,000 - 16,000	1,882	28,338,904	428,914	428,914	225,007	224,012	1,722 120 40	80	1,012	91.50%	6.34%	1.51%	0.79%	0.26%	0.12%	(108)
16,000 - 18,000	2,320	39,491,600	586,223	586,223	343,808	337,969	2,040 160 120	0	1,080	87.93%	6.90%	1.72%	0.86%	0.42%	0.18%	(148)
18,000 - 20,000	2,742	42,340,536	633,735	627,837	331,495	326,833	2,122 80 40	0	1,162	94.65%	3.57%	1.46%	0.77%	0.38%	0.18%	(135)
20,000 - 25,000	7,160	162,109,960	3,144,271	3,086,052	1,627,042	1,584,621	6,320 800 40	0	2,800	88.27%	11.17%	1.90%	0.98%	1.91%	0.86%	(212)
25,000 - 30,000	8,210	226,481,584	4,568,384	4,531,061	4,259,191	4,113,557	5,200 1,904 106	0	920	75.52%	22.19%	2.35%	1.82%	3.32%	2.25%	(147)
30,000 - 35,000	4,894	276,876,352	7,871,380	7,846,870	7,610,186	7,221,978	4,504 3,886 110	0	168	53.03%	45.68%	2.72%	2.61%	4.78%	4.02%	(31)
35,000 - 40,000	8,766	329,531,744	10,435,278	9,825,967	11,369,206	10,607,601	3,318 5,360 88	0	0	37.85%	61.15%	2.88%	3.22%	6.23%	6.01%	107
40,000 - 45,000	8,792	372,882,750	11,725,089	11,796,041	14,766,536	13,564,570	2,354 6,350 88	22	0	26.77%	72.22%	3.16%	3.64%	7.72%	7.81%	232
45,000 - 50,000	8,082	363,461,821	12,936,312	12,452,860	16,586,482	14,712,325	1,543 6,435 104	0	0	19.09%	79.62%	3.25%	3.84%	8.46%	6.77%	328
50,000 - 55,000	7,115	373,344,077	14,125,964	14,181,340	16,653,810	13,792,205	1,338 5,732 45	22	0	18.81%	80.56%	3.17%	3.69%	8.57%	8.81%	355
55,000 - 60,000	4,616	264,879,859	10,302,586	8,360,627	12,880,135	10,255,407	607 3,979 30	0	0	13.15%	86.20%	3.16%	3.91%	6.25%	6.82%	560
60,000 - 65,000	3,964	246,882,446	9,984,286	7,986,471	12,419,924	9,866,471	270 3,979 15	0	0	6.81%	92.81%	3.23%	4.00%	6.06%	6.57%	814
65,000 - 70,000	2,547	171,813,921	7,190,928	5,615,598	9,865,671	6,870,409	181 2,361 5	2	0	7.11%	92.70%	3.27%	4.06%	4.36%	4.75%	705
70,000 - 75,000	1,926	139,338,535	6,005,049	4,739,584	7,370,254	5,736,209	179 1,745 2	0	0	9.29%	90.60%	3.39%	4.13%	3.64%	3.90%	706
75,000 - 80,000	1,402	108,445,027	4,849,060	3,641,018	5,919,931	4,628,477	71 1,329 2	0	0	5.06%	94.79%	3.36%	4.27%	2.82%	3.13%	906
80,000 - 90,000	1,790	151,078,816	6,152,189	5,283,144	8,439,483	6,566,458	137 1,850 3	1	0	7.65%	92.18%	3.50%	4.35%	4.10%	4.48%	843
90,000 - 100,000	1,110	105,014,413	4,900,449	3,813,503	6,077,857	4,732,188	90 1,018 2	0	0	8.11%	91.71%	3.65%	4.51%	2.97%	3.21%	1,061
100,000 - 110,000	709	74,399,579	2,551,860	2,033,175	4,374,423	3,374,025	52 656 1	0	0	7.33%	92.52%	3.63%	4.45%	2.18%	2.31%	1,160
110,000 - 120,000	522	59,888,606	2,206,675	1,711,446	3,555,739	2,696,776	52 468 1	0	0	9.06%	89.45%	3.69%	4.51%	1.76%	1.88%	1,242
120,000 - 130,000	411	51,377,755	2,038,844	1,911,573	3,069,210	2,313,395	45 366 0	0	0	10.95%	89.05%	3.72%	4.50%	1.54%	1.62%	1,290
130,000 - 140,000	282	38,016,619	1,385,764	1,176,681	2,388,808	1,746,606	27 253 0	0	0	9.57%	90.43%	3.82%	4.59%	1.24%	1.28%	1,287
140,000 - 150,000	228	32,960,793	1,163,487	1,229,182	2,082,422	1,529,036	25 203 0	0	0	10.96%	89.04%	4.03%	4.76%	1.07%	1.10%	1,399
150,000 - & Above	1,614	553,146,164	24,214,026	23,438,840	27,522,965	27,185,638	110 1,503 1	0	0	6.82%	92.12%	4.48%	5.21%	19.61%	19.65%	2,328
TOTALS	85,388	4,247,867,807	164,624,585	136,599,121	189,078,751	154,434,480	37,096 50,074 2,219	1,221 11,122	41.50% 56.02%	3.22%	3.64%	100.00%	100.00%			271

Decile Group		Current Law		Proposed Law		Current to Proposed Law		No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers/Losers/Change	Current Law	Proposed Law	Gainers/Losers	(After Federal Offset) Current Law Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
1	648	1,445,688	2,722	2,722	0	0	162 0 486	324	648	25.00%	0.00%	0.19%	0.00%	0.00%	0.00%	(4)
2	810	3,779,136	51,919	51,919	0	0	810 0 0	0	810	100.00%	0.00%	1.37%	0.00%	0.03%	0.00%	(64)
3	972	7,700,832	71,775	71,775	25,413	25,413	648 0 324	162	810	66.67%	0.00%	0.93%	0.33%	0.04%	0.01%	(48)
4	2,774	33,750,480	400,436	400,082	222,559	220,403	2,168 40 566	526	1,652	78.15%	1.44%	1.19%	0.65%	0.24%	0.12%	(64)
5	4,804	78,736,080	1,233,406	1,224,358	591,614	584,483	4,324 280 200	120	2,564	90.01%	5.83%	1.56%	0.74%	0.75%	0.31%	(134)
6	7,640	164,962,280	2,175,748	3,129,662	1,698,847	1,667,334	6,920 720 0	40	3,160	80.58%	9.42%	1.90%	1.01%	1.93%	0.90%	(193)
7	11,224	311,845,306	7,567,312	7,383,528	5,974,341	5,749,475	8,366 2,712 146	0	1,342	74.54%	24.16%	2.36%	1.84%	4.59%	3.16%	(142)
8	16,572	596,657,484	16,230,791	17,227,932	19,327,287	18,474,108	6,836 9,726 10	0	1,466	41.25%	57.42%	2.89%	3.03%	11.06%	10.22%	66
9	21,267	999,152,868	35,941,817	31,845,567	42,235,210	37,206,096	4,880 16,207 200	44	0	22.92%	76.14%	2.20%	2.72%	21.81%	22.34%	296
10	22,557	2,049,839,653	88,148,661	75,180,576	119,003,376	90,908,181	1,981 20,599 77	5	0	8.74%	90.52%	3.67%	4.43%	59.55%	62.94%	920
10A	7,995	460,821,889	18,050,507	14,618,478	22,258,957	17,956,356	862 7,073 60	0	0	10.78%	88.47%	3.17%	3.90%	10.95%	11.83%	539
10B	7,606	523,395,568	22,058,553	17,369,035	27,492,222	21,522,903	563 7,036 9	0	0	7.40%	92.48%	3.23%	4.11%	12.38%	14.54%	714
10C	7,054	1,065,622,196	58,039,601	49,193,063	69,152,189	51,428,922	556 5,490 8	2	0	7.88%	92.00%	4.05%	4.83%	35.21%	36.57%	2,575
TOTAL	88,388	4,247,867,807	164,624,587	136,599,121	189,078,749	154,434,483	37,096 50,074 2,219	1,221 11,122	41.50% 56.02%	3.22%	3.64%	100.00%	100.00%			271

EXHIBIT 4a
 DATE 3/18/13
 HB 671

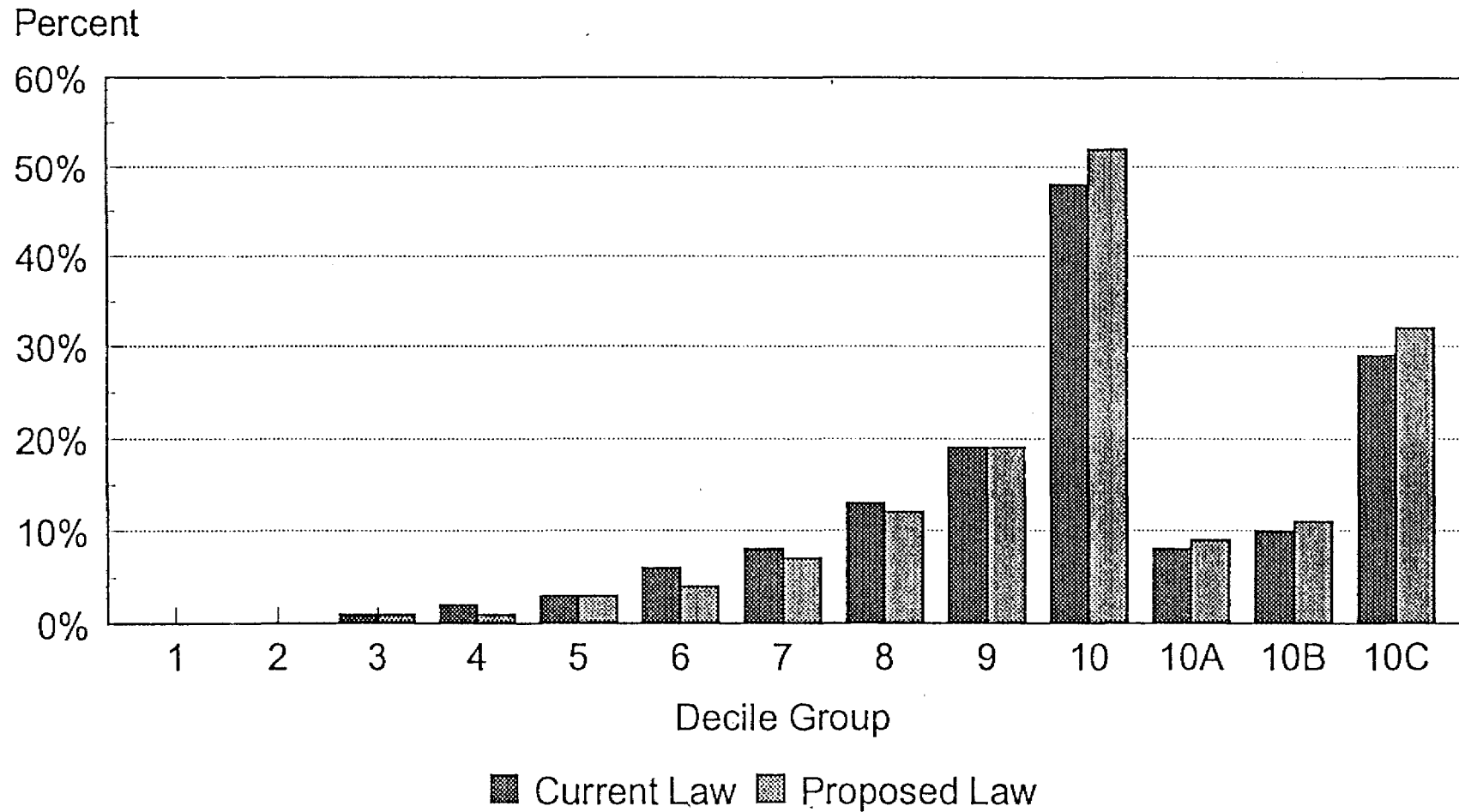
HOUSE TAX ALTERNATIVE TAX PROPOSAL

TY 1993 Effective Tax Rates



Percent of Total Tax Liability Paid

House Tax Alternative, TY1993



Impact of HB671 with Proposed Amendments on Biennial Income Tax Revenue
Assumes 1993 Surtax is Repealed

Surtax Revenue Loss:

14,179,418

HB671, Proposed Amendments

Tax Year	1993	1994	1995
Tax Rate	7.30%	7.30%	7.40%
CL Tax	301,165,557	318,451,181	335,064,103
PL Tax	331,304,764	348,902,687	373,077,139
Change	25,662,116	25,736,605	38,013,036
All Filers	26,945,221	27,023,435	39,913,688
Biennial Increase in Income Tax:			59,746,082

Impact of HB671 with Proposed Amendments on Biennial Income Tax Revenue

EXHIBIT # 7A
DATE 3-19-93
HB-671

A. CURRENT LAW - HJR3.

	1992	1993	1994	1995
Tax Year Liability, Before Surtax	287,948,629	301,689,753	318,945,476	337,375,284
Surtax Rate	2.30%	4.70%	0.00%	0.00%
Surtax Amount	6,622,818	14,179,418	0	0
Total Tax Year Liability	294,571,447	315,869,171	318,945,476	337,375,284

Fiscal Year Revenue, Before Adjustments	294,819,191	310,317,615	328,160,380
Surtax Adjustment	13,712,528	7,089,709	
Other Adjustments	43,407,000	11,536,000	11,536,000

Total Fiscal Year Revenue	351,938,719	328,943,324	339,696,380
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Allocation to:

- General Fund	221,017,515	195,721,278	202,119,346
- School Equalization	100,302,535	104,603,977	108,023,449
- Long-Range Building, Debt Service	30,618,669	28,618,069	29,553,585

Total Biennium Individual Income Tax

668,639,704

B. HB671, INTRODUCED, REPEAL SURTAX

	1992	1993	1994	1995
Tax Year Liability, Before Surtax	287,948,629	301,689,753	318,945,476	337,375,284
Increase in Liability Due to HB671	0	26,945,221	27,023,435	39,913,688
Surtax Rate	2.30%	0.00%	0.00%	0.00%
Surtax Amount	6,622,818	0	0	0
Total Tax Year Liability	294,571,447	328,634,974	345,968,911	377,288,972

Fiscal Year Revenue, Before Adjustments	294,819,191	350,774,553	361,628,942
Surtax Adjustment	13,712,528	(7,089,710)	
Other Adjustments	43,407,000	11,536,000	11,536,000

Total Fiscal Year Revenue	351,938,719	355,220,843	373,164,942
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Allocation to:

- General Fund	221,017,516	211,356,402	222,033,140
- School Equalization	100,302,535	112,960,228	118,666,451
- Long-Range Building, Debt Service	30,618,669	30,904,213	32,465,350

Total Biennium Individual Income Tax

728,385,785

Increase Over Biennium

59,746,081

Amendments to House Bill No. 671
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
March 19, 1993

Combined Amendments Adopted by Committee, 8 a.m., March 19, 1993

1. Title, line 21.
Strike: the first "AND"
Following: "15-30-160,"
Insert: "AND 15-30-199,"
2. Page 3, line 20.
Strike: "1994"
Insert: "1993"
3. Page 6, line 12.
Following: "15-30-103."
Insert: "(Temporary for tax years 1993 and 1994)"
Strike: "-- adjustment"
Strike: "(1)"
4. Page 6, line 13.
Strike: "Subject to subsection (2), there"
Insert: "There"
5. Page 6, line 14.
Strike: "on or"
6. Page 6, line 18.
Strike: "7.5%"
Insert: "7.3%"
7. Page 7, line 16.
Strike: "(2)"
8. Page 7, line 22 through page 8, line 2.
Strike: subsection (2) in its entirety
9. Page 8.
Following: line 2
Insert: "Section 3. Section 15-30-103, MCA, is amended to read:
 "15-30-103. Rate of tax -- adjustment. (1) ~~There shall~~
 ~~be Subject to subsection (2), there is~~ levied, collected,
 and paid for each taxable year commencing on or after
 December 31, ~~1968~~ 1994, upon the taxable income of every
 ~~taxpayer~~ individual subject to this tax, after making
 allowance for exemptions and deductions as ~~hereinafter~~
 ~~provided~~, a tax at the rate of 7.4% of the individual's
 taxable income on the following brackets of taxable income
 ~~as adjusted under subsection (2) at the following rates:~~
 ~~(a) on the first \$1,000 of taxable income or any part~~

~~thereof, 2%;~~

~~(b) on the next \$1,000 of taxable income or any part thereof, 3%;~~

~~(c) on the next \$2,000 of taxable income or any part thereof, 4%;~~

~~(d) on the next \$2,000 of taxable income or any part thereof, 5%;~~

~~(e) on the next \$2,000 of taxable income or any part thereof, 6%;~~

~~(f) on the next \$2,000 of taxable income or any part thereof, 7%;~~

~~(g) on the next \$4,000 of taxable income or any part thereof, 8%;~~

~~(h) on the next \$6,000 of taxable income or any part thereof, 9%;~~

~~(i) on the next \$15,000 of taxable income or any part thereof, 10%;~~

~~(j) on any taxable income in excess of \$35,000 or any part thereof, 11%.~~

(2) By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) by the inflation factor for that taxable year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that taxable year and shall be used as the basis for imposition of the tax in subsection (1) of this section (a) The department shall, pursuant to subsection (2) (b), adjust the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The adjustment must maintain a rate that produces revenue that does not exceed 7.4% of taxable income based upon the definition of federal adjusted gross income as provided in 26 U.S.C. 62 on January 1, 1993. Prior to adopting a change in rate, the department shall present the proposed change to the revenue oversight committee for review by the committee.

(b) (i) For purposes of subsection (2) (a), for tax year 1994 and each tax year thereafter, the department shall in the succeeding year determine the change in the amount of revenue collected resulting from changes made by the United States congress to federal adjusted gross income, as defined by the Internal Revenue Code, effective for that year.

(ii) Based on the determination in subsection (2) (b) (i), the tax rate for the tax year following the determination must be adjusted in increments of 0.1%.

(iii) A change in the rate may not be made unless the amount of change exceeds \$4.5 million."

Renumber: subsequent sections

10. Page 8, lines 9 through 14.

Strike: "After" on line 9 through "Montana." on line 14

11. Page 17, line 6.

Following: "(6)"

Insert: "(a) The exemptions provided for in this section are reduced by 10% for every \$5,000 of federal adjusted gross

income in excess of \$150,000.
(b) "

12. Page 17, line 7.
Strike: "1992"
Insert: "1993"

13. Page 19, line 4.
Strike: "(2)(d)"
Insert: "(2)(e)"

14. Page 19, line 5.
Following: line 4
Insert: "40% of Montana adjusted gross income, but not less than
\$2,000 or more than"

15. Page 19, line 8.
Following: "is"
Insert: "40% of Montana adjusted gross income, but not less than
\$4,000 or more than"

16. Page 19, line 12.
Following: line 11
Insert: "40% of Montana adjusted gross income, but not less than
\$3,000 or more than"

17. Page 19, line 17.
Following: "is"
Insert: "40% of Montana adjusted gross income, but not less than
\$2,000 or more than"

18. Page 19.
Following: line 17
Insert: "(e) The standard deductions provided for in this
subsection (2) are reduced by 10% for every \$5,000 of
federal adjusted gross income in excess of \$150,000."

19. Page 19, line 25.
Strike: "1994"
Insert: "1993"

20. Page 21, line 2.
Following: "rate of"
Strike: "\$1"
Insert: "1%"

21. Page 21, line 3.
Strike: "\$2"

Insert: "\$20,000"

22. Page 29, line 1.
Following: "(Temporary"
Insert: "for tax year 1993"

23. Page 29, line 5.

Strike: "6 3/4%"

Insert: "7.08%"

24. Page 29, line 7.

Strike: "7 1/4%"

Insert: "7.57%"

25. Page 29, line 15.

Following: "is"

Insert: ":"

(a) "

Strike: "7% of all"

Insert: "7.33% of the first \$500,000 of"

Following: "period"

Insert: "; and

(b) 7.82% of all net income in excess of \$500,000 for
the taxable period"

26. Page 29, line 18.

Strike: "\$50"

Insert: "\$100"

27. Page 29, line 19 through page 30, line 1.

Strike: subsections (4) and (5) in their entirety

28. Page 30, line 2.

Strike: "on receipt of taxes"

29. Page 30, line 3.

Strike: "1993"

Insert: "1994 and thereafter"

30. Page 30, line 16.

Following: "is"

Insert: ":"

(a) "

Strike: "all"

Insert: "the first \$500,000 of"

Following: "period"

Insert: "; and

(b) 7.5% of all net income in excess of \$500,000 for
the taxable period"

31. Page 30, lines 20 through 24.

Strike: subsection (4) in its entirety

32. Page 36, lines 8 and 10.

Strike: "8"

Insert: "9"

33. Page 37, line 1.

Strike: "and"

Following: "15-30-160,"

Insert: "and 15-30-199,"

34. Page 37, line 4.

Following: "applicability."

Insert: "(1)"

Strike: "[This"

Insert: "Except as provided in subsection (2), [this"

35. Page 37.

Following: line 6

Insert: "(2)(a) [Section 2] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to the tax years beginning after December 31, 1992.

(b) [Section 3] is effective on passage and approval and applies to tax years beginning after December 31, 1994.

NEW SECTION. Section 25. Termination. [Section 2] terminates December 31, 1994."

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 3/19/93 BILL NO. HB 671 NUMBER

MOTION: by Rep. Gilbert That HB 671
Do Pass As Amended

NAME	AYE	NO
REP. FOSTER	✓	
REP. HARRINGTON	✓	
REP. ANDERSON	✓	
REP. BOHLINGER	✓	
REP. DOLEZAL	✓	
REP. DRISCOLL		✓
REP. ELLIOTT	✓	
REP. FELAND	✓	
REP. HANSON	✓	
REP. HARPER	✓	
REP. HIBBARD	✓	
REP. KELLER	✓	
REP. McCAFFREE	✓	
REP. MCCARTHY	✓	
REP. NELSON	✓	
REP. ORR	✓	
REP. RANEY	✓	
REP. REAM	✓	
REP. TUNBY	✓	
REP. GILBERT	✓	

EXHIBIT 1
DATE 3/19/93
HB 671

AMENDMENTS
HB 671
INTRODUCED VERSION
PREPARED BY DEPARTMENT OF REVENUE
March 18, 1993

The purpose of amendments 1, 2, 3, 6, and 7 is to change the tax rate, repeal the surtax and raise approximately \$60 million for the biennium.

The purpose of amendment 4 is to reduce the \$3,500 income exemptions by 10% for every \$5,000 between \$150,000 and \$200,000 of federal adjusted gross income.

The purpose of amendment 5 is to make the standard deduction a percentage of Montana adjusted gross income within certain limits and to reduce the standard deduction in the same manner as the exemptions.

1. Title, line 21
Following: "15-30-159,"
Strike: "AND"
Following: "15-30-160,"
Insert: "AND 15-30-199,"

2. Page 6, line 12
Following: "15-30-103."
Insert: "(Temporary for tax years 1993 and 1994)"

line 13
Strike: "Subject to subsection (2), there"
Insert: "There"

line 14
Following: "year commencing"
Strike "on or"

line 18
Following: "at the rate of"
Strike: "7.5%"
Insert: "7.3%"

3. Page 7,
Following: line 15
Insert: "Section 3. Section 15-30-103, MCA, is amended to read:
"15-30-103. Rate of tax -- adjustment. (1) ~~There shall be~~
Subject to subsection (2), there is levied, collected, and paid for
each taxable year commencing on or after December 31, 1994,
upon the taxable income of every taxpayer individual subject to

this tax, after making allowance for exemptions and deductions as hereinafter provided, a tax at the rate of 7.4% of the individual's taxable income on the following brackets of taxable income as adjusted under subsection (2) at the following rates:

- ~~(a) on the first \$1,000 of taxable income or any part thereof, 2%;~~
- ~~3%;~~
~~(b) on the next \$1,000 of taxable income or any part thereof,~~
- ~~4%;~~
~~(c) on the next \$2,000 of taxable income or any part thereof,~~
- ~~5%;~~
~~(d) on the next \$2,000 of taxable income or any part thereof,~~
- ~~6%;~~
~~(e) on the next \$2,000 of taxable income or any part thereof,~~
- ~~7%;~~
~~(f) on the next \$2,000 of taxable income or any part thereof,~~
- ~~8%;~~
~~(g) on the next \$4,000 of taxable income or any part thereof,~~
- ~~9%;~~
~~(h) on the next \$6,000 of taxable income or any part thereof,~~
- ~~(i) on the next \$15,000 of taxable income or any part thereof, 10%;~~
- ~~(j) on any taxable income in excess of \$35,000 or any part thereof, 11%.~~

(2) By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) by the inflation factor for that taxable year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that taxable year and shall be used as the basis for imposition of the tax in subsection (1) of this section. The department may adopt rules for adjusting the tax rate provided in subsection (1) to reflect changes in federal adjusted gross income. The rules must adjust the tax rate to maintain a rate that does not exceed 7.5% of an individual's taxable income, as determined for the tax year beginning January 1, 1994."

Renumber: Subsequent sections

4. Page 17, line 6
Following: "(6)"

Insert: "(a) The exemptions provided for in this section are reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000.

5. Page 19, line 4
Following: "(2)"
Strike: "(d)"
Insert: "(e)"

line 5

Following: line 4

Strike: "\$5,000"

Insert: "40% of Montana adjusted gross income, but not less than \$2,000 or more than \$5,000"

line 8

Following: "is"

Strike: "\$10,000"

Insert: "40% of Montana adjusted gross income, but not less than \$4,000 or more than \$10,000"

line 12

Following: line 11

Strike: "7,500"

Insert: "40% of Montana adjusted gross income, but not less than \$3,000 or more than \$7,500"

line 17

Following: "is"

Strike: "\$5,000"

Insert: "40% of Montana adjusted gross income, but not less than \$2,000 or more than \$5,000"

line 18

Following: line 17

Insert: "(e) The standard deductions provided for in this subsection are reduced by 10% for every \$5,000 of federal adjusted gross income in excess of \$150,000."

6. Page 37, line 1

Following: "15-30-159,"

Strike: "and"

Following: "15-30-160,"

Insert: "and 15-30-199"

7. Page 37, line 4

Following: "applicability"

Insert: (1) Except as provided in subsection (2)

line 6

Following: line 6

Insert: "(2)(a) Section 2 is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to the tax year beginning after December 31, 1992, and the section shall terminate on December 31, 1993.

(b) Section 3 is effective on passage and approval and applies to tax years beginning after December 31, 1993."

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Mike Halligan, on April 5, 1993, at 8:00 a.m.

ROLL CALL

Members Present:

Sen. Mike Halligan, Chair (D)
Sen. Dorothy Eck, Vice Chair (D)
Sen. Bob Brown (R)
Sen. Steve Doherty (D)
Sen. Delwyn Gage (R)
Sen. Lorents Grosfield (R)
Sen. John Harp (R)
Sen. Spook Stang (D)
Sen. Tom Towe (D)
Sen. Fred Van Valkenburg (D)
Sen. Bill Yellowtail (D)

Members Excused: None.

Members Absent: None.

Staff Present: Jeff Martin, Legislative Council
Bonnie Stark, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 219, HB 591, HB 643, HB 651, HB 671
Executive Action: HB 219

HEARING ON HB 671

Opening Statement by Sponsor:

Rep. Bob Gilbert, House District #22, presented HB 671, which is the bi-partisan income tax bill coming out of the House of Representatives. Rep. Gilbert said this tax bill is designed to raise the money needed to fund state government for the next biennium. This bill is a flat-tax of 7.2% for each year in 1994 and 1995. It will raise approximately \$71.5 million; \$5.3 million is from corporate tax, and the balance is from personal income taxes. HB 671 will close some loop holes in the law a lot of people are concerned about. Rep. Gilbert said for people in

the upper-middle income, and upper income, who have been able to avoid paying Montana State taxes, those loop holes are gone. HB 671 waives Federal deductibility, and there will no longer be capital gains. There is a portion called one-time big income exemption. This is put in primarily for the small business owners where their business is their retirement, or for farmers whose farm and ranching operation is their retirement, because they don't have pension plans. This is a one-time only exemption for Montana residents, and the business (or farming operation) must have been owned for at least 15 years.

Rep. Jim Elliott, House District #51, presented further opening statements on HB 671. He called this bill a back-up to SB 235, the sales tax bill. He compared likenesses and differences between HB 671 and SB 235. He said both bills eliminate itemized deductions and the Federal deductibility. As Federal taxation increases, there will be a net decrease in Montana taxes.

Rep. Elliott addressed the fact that 64,000 more people, than under current law, will drop off the tax rolls with HB 671. He said it is important to point out that SB 235 also drops people off the tax rolls, and gives about 100,000 people a negative income tax, or a refund on the sales tax and property taxes they have paid. Both bills also significantly lower taxes on about 200,000 taxpayers in Montana.

One of the significant differences between the sales tax and an income tax is the ability of the taxpayer to deduct the income tax from his/her Federal taxes and not be able to deduct the sales tax. Because of this feature, there is a nominal Federal offset. HB 671 raises \$28.25 million in revenue in calendar year 1993, but it costs the Montana taxpayer only \$19.38 million. That means there is a Federal offset of \$8.8 million, or 31.4%. This means that nearly 1/3 of the proposed income tax increase in HB 671 is exported to taxpayers in other states. This could be coupled to the \$4.2 million increase in Federal taxation that SB 235 will cost the Montana taxpayers.

Rep. Elliott said Montana has traditionally gone to the middle-income taxpayer to pay the bills in the state. He feels it is opportune, fair and just, to give the middle-income taxpayer some kind of respite from this trend in taxation. He pointed out the growing income inequality in the United States, and said it is especially true in Montana where the bottom 20% of the residents are 6th in the nation in income inequality.

Rep. Elliott presented Exhibit No. 1 to these minutes. He pointed out the standard deduction in HB 671 is changed to 30% of the Montana adjusted gross income, and he reviewed the minimum and maximum deductions. He said corporations with taxable incomes of over \$.5 million will see a 1/2% increase in corporate taxes from 6.75% to 7.25%.

Proponents' Testimony:

Senator Towe appeared as a proponent to HB 671, although he thinks it should be more comprehensive. Senator Towe presented Exhibits No. 2 and No. 3 to these minutes, which he called an alternative tax plan for the state. He said his tax plan is very similar to what is presented in HB 671. The Senator reviewed his alternative tax plan further, and said it proposes a graduating tax of 6% on the first \$30,000 of income; 7% on the next \$10,000; and 8% on any income over \$40,000. His proposal called for a corporate license tax of 7.75%, which is similar to the National average of 7.67%.

Opponents' Testimony:

Dennis Burr, representing the Montana Taxpayers Association (MTA), spoke in opposition to HB 671, saying Montana needs to expand its tax base and this bill will significantly narrow the tax base. His organization feels HB 671 goes further in reforming income tax than is needed to meet the current problem. Eliminating itemized deductions and going to a flat tax is a significant measure of tax reform. The MTA feels eliminating 64,000 people from the income tax rolls at this time is the wrong direction to go. Passage of HB 671 will be asking more than 20% fewer taxpayers to pay a total increase in income taxes of 100%.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Doherty asked Rep. Gilbert if HB 671 is proposed as an alternative to the sales tax. Rep. Gilbert said this bill is part of the tax package that the House drafted to address the \$215 million deficit and try to balance the budget for the next biennium. Rep. Elliott responded similarly, saying HB 671 is the money bill in the House's proposal, and should provide the revenue to balance the budget for the upcoming biennium.

Senator Van Valkenburg said in considering the income tax portions of SB 235, this Committee concluded that with a single tax rate, as opposed to a graduated tax rate, it was more appropriate to do away with indexing in its entirety in the future. The proposal in HB 671 modifies indexing, but still includes indexing as a part of the income tax proposal. The Senator asked the sponsors of HB 671 why they feel a need to have indexing if there is a single tax rate. Rep. Elliott said the indexing modification is there because this is a compromise bill. He said the standard deduction and personal exemption is still left to index. Senator Van Valkenburg said this Committee's conclusion is that it is not necessary to index the standard deduction and personal exemption because those are obviously important elements of indexing in our current system. If a

future Legislature determines that it's appropriate to raise the standard deduction, or the personal exemption, it can do so. However, the inherent bracket creep that occurred in the previous system no longer occurs because of not moving up to a higher tax rate. Rep. Elliott said he agrees with this argument for non-indexing. He pointed out that because of the increase in the standard deduction and exemption over the current law, indexing will exacerbate the effects that these will be a loss of revenue to the state. Rep. Gilbert said one of the basic differences is that HB 671 is an income tax bill as opposed to a tax reform package. The bill sponsors wanted to make sure they didn't negatively affect any one group, so they indexed on curves. The other consideration is that the people of Montana said, by initiative, they wanted to index income taxes. He thinks SB 235 has other elements to reduce taxes so that elimination of the indexing is not so meaningful.

Senator Gage said Page 14, single joint returns, refers to just wages and salaries. He assumes that if two people are in business and file jointly, they will get no credit and no deductions as far as the \$3,000 is concerned. Rep. Elliott said this may depend on whether they are incorporated and if so, whether they take their income in the form of wages. He thinks Senator Gage is correct in his assumptions.

Senator Gage said on Page 22, single joint returns, the minimum of \$4,000 is not double the minimum for singles, but the maximum of \$10,000 is double the maximum for singles. He asked the purpose of that. Rep. Elliott said that is a compromise worked out between the Governor's office, Rep. Gilbert, and himself. The effect of this bill is more severe on singles than it is for any other taxpayer class in Montana. Senator Gage asked what the impact would be to raise the \$4,000 figure to \$5,000 for the single joint return. Rep. Elliott said married people filing jointly do extraordinarily well under HB 671; there will be basically a decrease in taxes for married couples filing jointly, below \$45,000 to \$50,000 income.

Senator Gage asked about striking "one-half" on Line 7, Page 28, and just give married individuals filing jointly the full amount of the standard deduction and exemptions. Rep. Elliott thinks the purpose of that language is to eliminate the incentive for married couples filing separately.

Senator Grosfield asked how much of a chance they had to review the Towe tax alternative plan, and how friendly they are towards that tax proposal. Rep. Gilbert said that proposal was handed to him within minutes of this hearing, and he has not had a chance to review it; however, he sees it as an attempt to insert a separate tax bill into a compromise bill agreed to in the House. He thinks it jeopardizes the standing of HB 671.

Senator Harp asked Rep. Elliott to identify the high-income class of people in Montana. Rep. Elliott said they would be those above \$250,000 in annual income. He estimated between 500 and 1,000 people are in that income bracket in the state.

In response to questions Senator Harp asked about the upper 10% income tax bracket under the current law, Rep. Elliott said those people are paying a substantial amount of income tax because they have the substantial amount of the money in the state. Nation-wide, the top 1% of the income earners have in the aggregate more income than the middle 20% of the income earners. Senator Harp asked what percent of the income tax the upper 10% income taxpayers currently are paying and what will they be paying with the change in law if HB 671 passes. Rep. Elliott said the top 10% of the income earners in the state, those people making above \$53,000 per year, currently pay 47.76% of total state-wide revenue, and under HB 671, that would raise to 51.3%.

Senator Harp said HB 671 is supposed to generate about 10% more from income tax, but over 20% of the taxpayers have been dropped. He asked about this compromise and how the House arrived at this major tax shift. Rep. Elliott responded that the 64,000 people dropped from the tax rolls are people with low incomes. Those people over the past 10 years have seen a significant net decrease in their purchasing power, relative to the upper 20% of Montanans. He pointed out that the income tax provision in SB 235 drops a greater number of people off the tax rolls.

Senator Harp questioned penalizing the entrepreneurs, the risk-takers, under HB 671. Rep. Elliott said there is no effort to penalize the risk-takers.

Senator Gage asked if either of the sponsors have an opinion on what will happen with the upper income people in changing residency, under both HB 671 and SB 235. Rep. Gilbert said he has not formed an opinion as to a comparison.

Senator Halligan asked Rep. Gilbert about the corporate license tax portion of HB 671. It appears that in 1993, the tax goes from 6.75% to 7.08% with commensurate increases in the above-\$500,000 income, but in 1994, it decreases. Rep. Gilbert said the dollar amount decreases, but the percentage will remain. This is an attempt to ease the burden on small businesses in the state.

Senator Van Valkenburg asked the Department of Revenue (DOR) what the estimated cost is of the credit for one-time gain from the sale of businesses held for more than 15 years. Larry Finch said the DOR has no way of looking at those impact revenues.

Senator Van Valkenburg asked if this was a DOR proposal that may have been gathered from another state. Mr. Finch said this particular proposal in HB 671 came from the House tax committee.

There was a concern about the loss of the Federal deductibility to offset and mitigate the impact on Montana taxes, so the DOR will give this one-time credit to mitigate that unusual, one-time circumstance.

Senator Van Valkenburg asked Dennis Burr to explain his comment about the budget that came from the House having a \$30 million to \$40 million local property tax increase. Mr. Burr said it is his understanding that in reducing state support to the school foundation program, and at the same time, under current law, the schools are allowed to increase their budgets by 4% a year, it would appear that savings to the state budget will be translated into increased local property taxes.

Closing by Sponsor:

Rep. Gilbert said HB 671 is a good compromise bill. The purpose of the bill was not to raise money, but to balance the budget in the next biennium.

Rep. Elliott commented that HB 671 proposes the tax on incomes of \$150,000 or more will raise from 4.48% to 5.12% with the Federal offset; SB 235 proposes the over-all tax burden on people with incomes over \$50,000 will raise from 7.1% to 7.54%. The people of Montana have asked the Legislators to close loop holes, and make the income tax fair. He believes HB 671 does that, as does the income tax portion of SB 235. HB 671 will raise less money than SB 235, but HB 671 is cheaper for the Montana taxpayer.

HEARING ON HB 591

Opening Statement by Sponsor:

Rep. Norm Wallin, House District #78, presented HB 591, which is a bill to increase the accommodations tax from 4% to 5%. Rep. Wallin said this tax is an easy tax to collect and administer and it has justification. A portion of the revenue collected will be diverted to cities and counties to help defray costs associated with the tourism industry, including increased crime protection and fire protection. It is estimated that each 1% brings in approximately \$2 million per year. This bill originally started out to be an increase to 7%, but was amended in the House back to 5%, and a compromise was worked out on the distribution of revenue received. As it now reads, .5% will be returned to local governments. If the sales tax is approved, this act is void. Rep. Wallin presented Exhibit No. 4 to these minutes, which is a letter in favor of HB 591.

Proponents' Testimony:

Larry Gallagher, Economic and Community Development Director for the City of Kalispell, expressed his city's support for HB 591. He said Kalispell has benefitted from the tourist business

ROLL CALL

SENATE COMMITTEE

TAXATION

DATE 4-5-93

[illegible]

HB671 - As Amended on House Floor March 22, 1993

Components of the Proposal

Inflation Factor: "Montana CPI" (half of CPI)

Tax Year:	<u>1993</u>	<u>1994</u>	<u>1995</u>
% Change in CPI (HJR3)	-	3.93%	4.11%
Change in Montana CPI	-	1.97%	2.06%

Proposal Parameters

Tax Year:	<u>1993</u>	<u>1994</u>	<u>1995</u>
<i>Tax Rates:</i>	7.2%	7.2%	7.3%
Exemption Level	\$3,500	\$3,570	\$3,640

The standard deduction is set at 30% of MAGI with the following minima and maxima:

Standard Deduction Minima

- Single Filers	\$2,500	\$2,550	\$2,600
- Heads of Households	3,000	3,060	3,120
- Married Couples	4,000	4,080	4,160

Standard Deduction Maxima

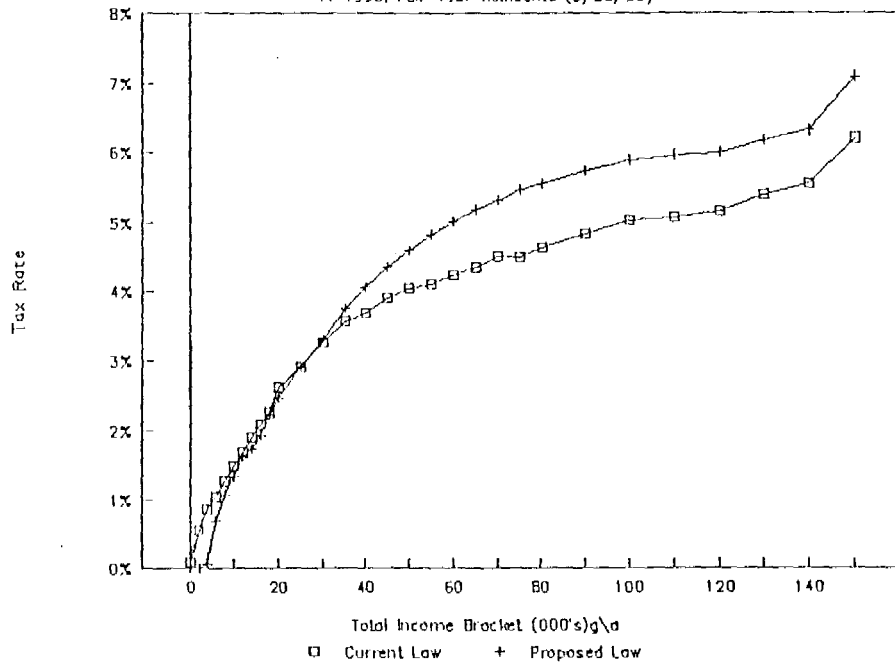
- Single Filers	\$ 5,000	\$ 5,100	\$ 5,200
- Heads of Households	7,500	7,650	7,800
- Married Couples	10,000	10,200	10,400

Phaseout Range: The exemption and standard deduction amounts are phased out for households having federal adjusted gross incomes (FAGI) between \$150,000 and \$200,000.

Two-Earner Deduction: Married couples where both are wage earners are allowed a two-earner deduction equal to 10% of the lower earners wages and salary, up to a maximum deduction of \$3,000

HI3671 - AVERAGE INCOME TAX RATES

TY 1993, Full-Year Residents (3/22/93)



1
115-93
115-671

HB671, As Amended on the House Floor
March 22, 1993
Tax Year 1993, Full-Year Residents

Income Brckt.	Total Income	No. of Hshlds.				Tax Rates:	
			CL Tax	PL Tax	Difference	CL Tax Rate	PL Tax Rate
<0	(177,674,310)	5,184	0	0	0		
0	23,447,880	20,088	19,232	0	(19,232)	0.08%	0.00%
2	64,597,176	21,546	354,476	0	(354,476)	0.55%	0.00%
4	91,868,580	18,468	790,733	61,621	(729,112)	0.86%	0.07%
6	118,638,918	17,010	1,243,131	822,100	(421,031)	1.05%	0.69%
8	168,044,544	18,630	2,114,651	1,803,034	(311,617)	1.26%	1.07%
10	177,124,148	16,080	2,620,894	2,347,618	(273,276)	1.48%	1.33%
12	185,140,662	14,286	3,106,182	3,008,304	(97,878)	1.68%	1.62%
14	210,896,380	14,056	4,018,768	3,664,572	(354,196)	1.91%	1.74%
16	222,094,204	13,088	4,634,040	4,302,765	(331,275)	2.09%	1.94%
18	229,927,114	12,170	5,173,542	5,098,501	(75,041)	2.25%	2.22%
20	593,473,538	26,368	15,470,682	14,620,294	(850,388)	2.61%	2.46%
25	624,388,966	22,800	18,125,786	18,098,452	(27,334)	2.90%	2.90%
30	598,717,404	18,468	19,507,246	19,782,020	274,774	3.26%	3.30%
35	594,872,990	15,890	21,311,526	22,340,897	1,029,371	3.58%	3.76%
40	609,335,472	14,368	22,467,884	24,679,961	2,212,077	3.69%	4.05%
45	548,067,225	11,559	21,385,542	23,767,471	2,381,929	3.90%	4.34%
50	487,935,610	9,300	19,726,673	22,372,828	2,646,155	4.04%	4.59%
55	352,685,907	6,146	14,444,387	17,021,265	2,576,878	4.10%	4.83%
60	322,605,008	5,178	13,681,746	16,170,929	2,489,183	4.24%	5.01%
65	236,497,873	3,508	10,265,345	12,268,157	2,002,812	4.34%	5.19%
70	182,095,246	2,516	8,192,697	9,709,033	1,516,336	4.50%	5.33%
75	143,952,442	1,862	6,471,111	7,877,790	1,406,679	4.50%	5.47%
80	210,822,610	2,496	9,788,614	11,756,633	1,968,019	4.64%	5.58%
90	149,339,708	1,579	7,216,387	8,570,101	1,353,714	4.83%	5.74%
100	109,524,438	1,045	5,516,416	6,473,115	956,699	5.04%	5.91%
110	87,782,390	765	4,462,671	5,246,571	783,900	5.08%	5.98%
120	76,534,589	613	3,951,002	4,597,581	643,579	5.17%	6.01%
130	60,543,348	449	3,274,359	3,746,032	471,673	5.41%	6.19%
140	52,931,376	366	2,943,886	3,353,069	409,183	5.56%	6.33%
150	785,647,268	2,526	48,882,946	55,846,671	6,963,725	6.22%	7.11%
Totals	8,141,858,704	318,408	301,165,555	329,407,385	28,241,830	3.70%	4.05%

Impact of HB671, As Amended on the House Floor	
Assumes 1993 Surtax is Repealed	
	3/22/93

Surtax Revenue Loss:	14,179,418
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HB671 As Drafted			
Tax Year	1993	1994	1995
Tax Rate	7.20%	7.20%	7.30%
CL Tax	301,165,557	318,451,181	335,064,103
PL Tax	329,407,387	346,536,707	375,332,700
Change	28,241,830	28,085,526	40,268,597
All Filers	29,653,922	29,489,802	42,282,027
Biennial Increase in Income Tax:			66,105,319

Impact of HB671, As Amended on the House Floor (3/22/93)

4-5-93

HB-671

A. CURRENT LAW - HJR3.	1992	1993	1994	1995
Tax Year Liability, Before Surtax	287,948,629	301,689,753	318,945,476	337,375,284
Surtax Rate	2.30%	4.70%	0.00%	0.00%
Surtax Amount	6,622,818	14,179,418	0	0
Total Tax Year Liability	294,571,447	315,869,171	318,945,476	337,375,284
Fiscal Year Revenue, Before Adjustments		294,819,191	310,317,615	328,160,380
Surtax Adjustment		13,712,528	7,089,709	
Other Adjustments		43,407,000	11,536,000	11,536,000
Total Fiscal Year Revenue		351,938,719	328,943,324	339,696,380
Allocation to:				
- General Fund		221,017,515	195,721,278	202,119,346
- School Equalization		100,302,535	104,603,977	108,023,449
- Long-Range Building, Debt Service		30,618,669	28,618,069	29,553,585
Total Biennium Individual Income Tax				668,639,704

B. HB671, AS AMENDED	1992	1993	1994	1995
Tax Year Liability, Before Surtax	287,948,629	301,689,753	318,945,476	337,375,284
Increase in Liability Due to HB671	0	29,653,922	29,489,802	42,282,027
Surtax Rate	2.30%	0.00%	0.00%	0.00%
Surtax Amount	6,622,818	0	0	0
Total Tax Year Liability	294,571,447	331,343,675	348,435,278	379,657,311
Fiscal Year Revenue, Before Adjustments		294,819,191	354,716,438	364,046,295
Surtax Adjustment		13,712,528	(7,089,710)	
Other Adjustments		43,407,000	11,536,000	11,536,000
Total Fiscal Year Revenue		351,938,719	359,162,728	375,582,295
Increase in Revenue, Fiscal Year		0	30,219,404	35,885,915
Allocation to:				
- General Fund		221,017,516	213,701,823	223,471,465
- School Equalization		100,302,535	114,213,747	119,435,170
- Long-Range Building, Debt Service		30,618,669	31,247,157	32,675,660
Total Biennium Individual Income Tax				734,745,022
Increase Over Biennium				66,105,319

House Tax Income Tax Proposal -- All Households -- Calendar Year 1993

Income Bracket		Current Law			Proposed Law			Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar
Income Bracket	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	Change in Avg. Liability	
0 - 2,000	20,088	23,447,883	19,232	19,232	0	0	648	0	19,440	15,228	20,088	3,233	0.00%	0.08%	0.00%	0.01%	0.00%	(1)	
2,000 - 4,000	21,546	64,597,176	354,476	354,476	0	0	15,228	0	6,318	5,346	21,546	70,688	0.00%	0.55%	0.00%	0.12%	0.00%	(15)	
4,000 - 6,000	18,463	91,368,580	790,733	790,733	51,621	51,621	13,284	0	5,184	5,022	16,362	71,933	0.00%	0.86%	0.07%	0.25%	0.02%	(39)	
6,000 - 8,000	17,010	118,658,918	1,243,131	1,243,131	322,100	322,100	10,206	1,296	5,508	4,698	9,558	60,00%	7.62%	1.05%	0.69%	0.41%	0.25%	(25)	
8,000 - 10,000	18,630	168,044,544	2,114,551	2,113,560	1,803,034	1,798,317	7,938	7,128	3,564	3,240	9,396	42,61%	38.26%	1.26%	1.07%	0.70%	0.55%	(17)	
10,000 - 12,000	15,080	177,124,148	2,520,894	2,502,598	2,347,513	2,319,185	7,726	5,332	2,022	1,818	5,314	48,05%	39.38%	1.47%	1.31%	0.87%	0.71%	(17)	
12,000 - 14,000	14,286	185,140,662	3,106,182	3,086,178	3,008,304	2,971,729	6,462	6,370	1,454	1,616	5,194	45,23%	44.59%	1.67%	1.51%	1.03%	0.91%	(7)	
14,000 - 16,000	14,056	210,396,360	4,018,768	3,986,730	3,664,572	3,612,725	7,048	6,002	1,006	1,126	4,492	50,14%	42.70%	1.89%	1.71%	1.33%	1.11%	(25)	
16,000 - 18,000	13,088	222,094,204	4,634,040	4,573,258	4,302,765	4,203,653	6,592	5,440	1,086	1,046	4,008	50,14%	41.56%	2.06%	1.89%	1.54%	1.31%	(25)	
18,000 - 20,000	12,170	229,927,114	5,173,542	5,081,125	5,098,501	4,946,551	5,886	5,800	684	644	3,090	46,72%	47.56%	2.21%	2.15%	1.72%	1.55%	(5)	
20,000 - 25,000	25,368	593,473,538	15,470,582	15,115,773	14,520,294	14,110,523	14,002	11,440	928	1,006	3,768	53,10%	43.39%	2.55%	2.38%	5.14%	4.44%	(32)	
25,000 - 30,000	22,300	624,388,966	18,125,786	17,452,590	18,098,452	17,160,605	11,702	10,176	922	792	1,594	51,32%	44.63%	2.80%	2.75%	6.02%	5.49%	(11)	
30,000 - 35,000	18,468	598,717,404	19,507,246	18,168,662	19,782,020	18,068,829	9,376	8,736	356	434	436	50,77%	47.30%	3.03%	3.02%	6.48%	6.01%	15	
35,000 - 40,000	15,390	594,872,960	21,311,525	19,649,943	22,340,897	20,288,833	7,050	8,524	316	184	202	44,37%	53.64%	3.30%	3.41%	7.08%	6.78%	65	
40,000 - 45,000	14,368	609,335,472	22,467,384	20,555,122	24,679,961	22,319,927	5,462	8,502	404	294	242	38,02%	59.17%	3.37%	3.66%	7.46%	7.49%	154	
45,000 - 50,000	11,559	548,067,225	21,385,542	18,999,819	23,767,471	20,914,241	3,582	7,711	266	162	202	30,99%	66.71%	3.47%	3.82%	7.10%	7.23%	206	
50,000 - 55,000	9,300	487,935,610	19,726,673	16,485,426	22,372,528	18,524,060	2,491	6,794	15	37	0	26,78%	73.05%	3.38%	3.80%	6.55%	6.79%	285	
55,000 - 60,000	5,146	352,585,907	14,444,287	11,696,520	17,021,255	13,654,466	1,329	4,787	30	22	0	21,62%	77.89%	3.32%	3.87%	4.80%	5.17%	419	
60,000 - 65,000	5,178	322,605,008	13,681,746	10,574,804	16,170,929	12,788,437	825	4,338	15	0	0	15,93%	83.78%	3.37%	3.96%	4.54%	4.91%	481	
65,000 - 70,000	3,504	236,497,873	10,265,345	8,032,187	12,268,157	9,539,899	486	3,008	14	44	0	13,85%	85.75%	3.40%	4.03%	3.41%	3.72%	571	
70,000 - 75,000	2,516	182,095,246	8,192,597	6,458,406	9,709,033	7,591,835	389	2,122	5	4	0	15,45%	84.34%	3.55%	4.17%	2.72%	2.95%	603	
75,000 - 80,000	1,862	143,952,442	6,471,111	5,070,681	7,877,790	6,161,529	230	1,624	8	0	0	12,35%	87.22%	3.52%	4.28%	2.15%	2.39%	755	
80,000 - 90,000	2,496	210,822,610	9,788,614	7,607,038	11,756,633	9,084,823	367	2,119	10	5	0	14,70%	84.90%	3.61%	4.31%	3.25%	3.57%	788	
90,000 - 100,000	1,579	149,339,708	7,216,387	5,620,890	8,570,101	6,642,700	226	1,350	3	5	0	14,31%	85.50%	3.76%	4.45%	2.40%	2.60%	857	
100,000 - 110,000	1,045	109,524,458	5,516,416	4,187,388	6,473,115	4,894,952	169	875	1	1	0	16,17%	83.73%	3.82%	4.47%	1.83%	1.97%	916	
110,000 - 120,000	765	87,782,350	4,462,571	3,337,961	5,246,571	3,920,578	135	627	3	2	0	17,65%	81.96%	3.80%	4.47%	1.48%	1.59%	1,025	
120,000 - 130,000	513	76,534,529	3,954,002	2,947,561	4,597,581	3,429,148	118	495	0	4	0	19,25%	80.75%	3.85%	4.48%	1.31%	1.40%	1,050	
130,000 - 140,000	449	60,543,348	3,274,359	2,404,823	3,746,032	2,752,117	84	364	1	1	0	18,71%	81.07%	3.97%	4.55%	1.09%	1.14%	1,050	
140,000 - 150,000	366	52,931,375	2,943,886	2,208,194	3,353,069	2,514,427	69	295	2	2	0	18,85%	80.60%	4.17%	4.75%	0.98%	1.02%	1,118	
150,000 - & Above	2,525	785,647,258	48,882,946	35,224,031	55,846,671	40,232,225	309	2,216	1	31	0	12,23%	87.73%	4.48%	5.12%	16.23%	16.95%	2,757	
TOTALS	313,224	8,319,533,014	301,165,555	255,956,271	329,407,285	275,332,545	139,189	124,471	49,564	42,814	106,992	44.44%	39.74%	3.08%	3.31%	100.00%	100.00%	90	

Decile Group		Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar	
Decile Group	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law (After Federal Offset)	Proposed Law	Current Law	Proposed Law	Change in Avg. Liability
1	31,590	52,974,162	164,224	164,224	0	0	9,072	0	22,518	17,820	31,590	28.72%	0.00%	0.31%	0.00%	0.05%	0.00%	(5)
2	30,942	142,008,876	1,173,220	1,173,220	128,746	128,746	22,194	0	8,748	8,100	27,702	71.73%	0.00%	0.83%	0.09%	0.39%	0.04%	(34)
3	31,423	253,979,388	2,952,750	2,951,959	2,404,931	2,400,213	14,904	7,938	3,586	7,452	15,848	47.42%	25.26%	1.16%	0.95%	0.98%	0.73%	(17)
4	31,386	369,274,730	5,857,429	5,825,453	5,393,014	5,330,206	15,082	12,908	3,396	3,314	12,416	48.05%	41.13%	1.58%	1.44%	1.94%	1.54%	(15)
5	31,308	505,573,422	10,175,581	10,051,816	9,507,331	9,304,665	15,412	13,482	2,414	2,494	9,704	49.23%	43.06%	1.99%	1.84%	3.38%	2.93%	(21)
6	31,376	668,710,916	16,669,766	16,325,027	15,853,319	15,341,497	16,006	13,880	1,490	1,570	5,896	51.01%	44.24%	2.44%	2.29%	5.54%	4.81%	(29)
7	31,444	866,668,314	25,576,234	24,500,814	25,604,283	24,122,841	16,234	14,186	1,024	854	1,820	51.63%	45.12%	2.83%	2.78%	8.49%	7.77%	1
8	31,256	1,115,832,074	38,512,249	35,627,506	39,941,483	36,350,472	14,718	15,906	632	596	572	47.09%	50.89%	3.19%	3.26%	12.79%	12.13%	46
9	31,348	1,459,458,992	56,260,101	49,805,763	62,466,370	54,712,765	10,375	20,310	863	493	444	33.10%	64.79%	3.41%	3.75%	18.58%	18.96%	198
10	31,146	2,885,052,120	143,823,703	109,530,489	168,107,910	127,641,141	5,192	25,861	93	121	0	16.67%	83.03%	3.80%	4.42%	47.76%	51.03%	780
10A	10,603	610,569,511	25,190,709	20,334,987	29,579,337	23,680,920	2,220	8,338	45	22	0	20.94%	78.64%	3.33%	3.88%	8.26%	8.98%	414
10B	10,216	702,702,414	30,827,143	24,281,253	36,812,757	28,841,114	1,436	8,755	25	48	0	14.06%	85.70%	3.46%	4.10%	10.24%	11.18%	586
10C	10,327	1,571,780,205	87,805,251	64,914,249	101,715,316	75,119,107	1,538	8,768	23	51	0	14.87%	84.90%	4.13%	4.78%	29.16%	30.88%	1,347
TOTAL	313,224	8,319,533,014	301,165,557	255,956,270	329,407,337	275,332,546	139,189	124,471	49,564	42,814	106,992	44.44%	39.74%	3.08%	3.31%	100.00%	100.00%	90

House Tax Income Tax Proposal -- Single Filers -- Calendar Year 1993

Income Bracket		Number of Households	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates (After Federal Offset)		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket			Total Income	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	17,820	21,031,326	13,435	13,435	0	0	486	0	17,334	13,122	17,820	2.73%	0.00%	0.06%	0.00%	0.02%	0.00%	(1)
2,000 - 4,000	17,658	52,063,030	329,613	329,613	0	0	14,256	0	3,402	2,754	17,658	80.73%	0.00%	0.63%	0.00%	0.60%	0.00%	(191)
4,000 - 6,000	14,580	72,053,388	721,662	721,662	61,621	61,621	11,502	0	3,078	2,916	12,474	78.89%	0.00%	1.00%	0.09%	1.31%	0.09%	(451)
6,000 - 8,000	11,016	77,302,836	1,066,233	1,066,233	302,156	302,156	7,290	1,296	2,430	1,782	3,726	66.18%	11.76%	1.38%	1.04%	1.93%	1.22%	(241)
8,000 - 10,000	10,368	93,268,584	1,582,857	1,582,066	1,749,454	1,744,736	2,268	8,966	1,134	810	2,268	21.88%	67.19%	1.70%	1.87%	2.87%	2.66%	16
10,000 - 12,000	9,154	100,614,730	1,895,537	1,883,765	2,110,963	2,082,966	2,748	5,892	526	444	1,902	29.97%	84.30%	1.87%	2.07%	3.43%	3.21%	22
12,000 - 14,000	7,420	95,680,432	2,060,835	2,044,298	2,428,235	2,399,366	1,246	5,730	444	606	810	16.79%	77.22%	2.14%	2.51%	3.73%	3.69%	50
14,000 - 16,000	6,244	93,453,242	2,455,735	2,435,491	2,720,054	2,683,315	1,322	4,802	120	160	200	21.17%	76.91%	2.61%	2.87%	4.45%	4.13%	42
16,000 - 18,000	4,962	83,895,316	2,420,400	2,379,144	2,865,035	2,793,332	680	4,030	202	242	162	12.70%	82.22%	2.84%	3.23%	4.38%	4.35%	90
18,000 - 20,000	5,244	98,986,964	3,072,463	3,007,029	3,530,384	3,515,869	642	4,360	242	242	324	12.24%	83.14%	3.04%	3.55%	5.57%	5.51%	106
20,000 - 25,000	5,764	196,727,380	6,950,183	6,781,203	8,376,404	8,083,179	760	7,600	404	444	324	8.67%	86.72%	3.45%	4.11%	2.59%	12.72%	163
25,000 - 30,000	5,846	159,936,414	6,170,345	5,845,482	7,892,963	7,370,748	758	4,960	88	84	0	13.65%	84.84%	3.65%	4.61%	1.18%	11.99%	295
30,000 - 35,000	3,982	129,273,950	5,072,969	4,375,942	5,729,807	5,721,460	484	3,336	162	228	162	12.15%	83.78%	3.41%	4.46%	9.19%	10.22%	416
35,000 - 40,000	2,424	89,719,992	3,710,892	3,171,756	4,822,386	4,052,289	220	2,042	162	184	162	9.08%	84.24%	3.54%	4.52%	6.72%	7.32%	459
40,000 - 45,000	1,474	62,590,252	2,787,470	2,408,172	3,638,305	3,080,489	176	1,298	0	0	0	11.94%	88.06%	3.85%	4.92%	5.05%	5.53%	577
45,000 - 50,000	775	36,656,444	1,710,021	1,419,867	2,197,268	1,810,130	30	723	22	0	0	3.87%	93.29%	3.87%	4.94%	3.10%	3.34%	629
50,000 - 55,000	726	38,020,259	1,912,916	1,610,610	2,309,968	1,931,578	97	629	0	15	0	13.36%	86.64%	4.24%	5.08%	3.47%	3.51%	547
55,000 - 60,000	352	20,225,517	987,665	787,216	1,229,874	976,492	30	322	0	0	0	8.52%	91.48%	3.89%	4.83%	1.79%	1.87%	588
60,000 - 65,000	255	15,918,405	716,024	570,062	936,613	747,505	0	255	0	0	0	0.00%	-----	3.58%	4.70%	1.30%	1.42%	865
65,000 - 70,000	202	13,627,910	742,990	620,951	879,792	727,804	0	195	0	1	0	3.47%	96.53%	4.56%	5.34%	1.35%	1.34%	677
70,000 - 75,000	167	12,185,033	588,596	464,179	772,029	605,244	5	161	0	0	0	3.59%	96.41%	3.81%	4.97%	1.07%	1.17%	1,098
75,000 - 80,000	104	8,038,073	439,894	355,394	530,587	425,275	9	94	1	0	0	6.65%	90.38%	4.42%	5.29%	0.80%	0.81%	372
80,000 - 90,000	210	17,874,522	875,857	682,535	1,063,187	817,211	39	171	0	1	0	18.57%	81.43%	3.82%	4.57%	1.59%	1.61%	492
90,000 - 100,000	119	11,312,956	592,312	471,921	734,021	577,586	12	107	0	2	0	10.08%	89.92%	4.17%	5.11%	1.07%	1.11%	1,191
100,000 - 110,000	91	9,474,611	504,913	395,827	614,095	477,290	7	84	0	0	0	7.69%	92.31%	4.18%	5.04%	0.91%	0.93%	1,200
110,000 - 120,000	47	5,373,821	295,021	221,830	343,858	255,805	8	39	0	0	0	17.02%	82.98%	4.13%	4.76%	0.53%	0.52%	1,039
120,000 - 130,000	54	6,744,153	373,318	279,997	441,559	329,312	5	49	0	0	0	9.26%	90.74%	4.15%	4.88%	0.68%	0.67%	1,264
130,000 - 140,000	48	5,485,379	347,704	253,622	418,269	316,949	8	40	0	1	0	16.67%	83.33%	4.06%	4.89%	0.63%	0.64%	1,470
140,000 - 150,000	34	4,920,355	268,986	208,294	334,632	260,777	3	31	0	2	0	8.82%	91.18%	4.23%	5.20%	0.49%	0.51%	1,931
150,000 - & Above	259	77,253,501	4,532,064	3,289,137	5,212,119	3,771,036	52	207	0	25	0	20.08%	79.92%	4.26%	4.88%	3.21%	7.92%	2,526
TOTALS	130,409	1,709,696,275	55,198,881	49,687,734	65,845,738	58,422,210	45,189	55,469	29,751	24,065	57,992	34.65%	42.53%	2.91%	3.42%	100.00%	100.00%	82

Decile Group		Number of Households	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates (After Federal Offset)		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group			Total Income	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	27,702	46,280,322	152,881	152,881	0	0	8,586	0	19,116	14,580	27,702	30.99%	0.00%	0.33%	0.00%	0.28%	0.00%	(6)
2	23,976	108,910,580	1,054,536	1,054,536	128,746	128,746	19,116	0	4,860	4,374	20,736	79.73%	0.00%	0.97%	0.12%	1.91%	0.20%	(291)
3	19,116	154,126,800	2,384,619	2,383,827	2,347,381	2,342,564	7,938	7,776	3,402	2,430	5,508	41.53%	40.68%	1.55%	1.52%	4.32%	3.56%	(2)
4	17,032	199,893,664	4,031,514	4,003,244	4,511,618	4,556,296	4,154	11,908	970	1,010	2,712	24.39%	69.92%	2.00%	2.23%	7.30%	7.00%	34
5	12,966	208,607,518	5,589,252	5,505,873	6,796,954	6,648,899	2,122	10,522	323	442	262	16.37%	81.15%	2.78%	3.19%	10.67%	10.32%	70
6	11,248	237,635,104	7,912,995	7,730,956	9,453,059	9,129,620	1,202	9,400	646	546	646	10.69%	83.57%	3.25%	3.85%	14.34%	14.26%	137
7	8,208	225,101,886	3,707,915	3,148,283	11,183,110	10,313,321	966	7,154	88	146	0	11.77%	87.16%	3.62%	4.58%	15.78%	16.98%	302
8	5,420	189,555,054	7,696,025	6,641,996	10,084,799	8,560,891	638	4,458	324	390	324	11.77%	82.25%	3.50%	4.52%	13.94%	15.32%	441
9	2,642	121,629,339	5,718,384	4,836,242	7,249,053	6,055,186	244	2,378	22	15	0	9.24%	89.93%	3.98%	4.98%	12.36%	11.01%	579
10	2,099	217,955,608	11,650,749	8,929,897	13,991,020	10,576,590	223	1,875	1	32	0	10.62%	89.33%	4.10%	4.90%	21.11%	21.25%	1,115
10A	614	35,132,424	1,635,863	1,292,482	2,081,111	1,632,058	67	547	0	0	0	10.91%	89.09%	3.68%	4.65%	2.96%	3.16%	725
10B	600	41,560,755	2,122,184	1,742,325	2,628,068	2,142,241	20	579	1	1	0	3.23%	96.50%	4.19%	5.15%	3.34%	3.39%	843
10C	885	141,262,429	7,892,702	5,895,089	9,281,841	6,902,291	136	749	0	31	0	15.37%	84.63%	4.17%	4.89%	14.30%	14.10%	1,570
TOTAL	130,409	1,709,696,275	55,198,881	49,687,734	65,845,740	58,422,213	45,189	55,469	29,751	24,065	57,992	34.65%	42.53%	2.91%	3.42%	100.00%	100.00%	82

4-5-93
HG-671

House Tax Income Tax Proposal -- Head of Household -- Calendar Year 1993

Income Bracket		Number of Households	Total Income	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates (After Federal Offset)		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Tax			Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainners	Number of Losers	No Change	Current Law	Proposed Law	Gainners	Losers	Current Law	Proposed Law	Current Law	Proposed Law		
0 - 2,000	810	1,142,252	0	0	0	0	0	810	810	810	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0		
2,000 - 4,000	648	1,863,000	2,824	2,824	0	0	162	486	548	486	548	25.00%	0.00%	0.15%	0.00%	0.02%	0.00%	(4)	
4,000 - 6,000	1,296	6,445,656	26,323	26,323	0	0	972	0	324	324	1,296	75.00%	0.00%	0.41%	0.00%	0.22%	0.00%	(20)	
6,000 - 8,000	1,620	10,967,724	105,603	105,603	19,944	19,944	1,296	0	324	324	1,458	80.00%	0.00%	0.96%	0.18%	0.39%	0.18%	(53)	
8,000 - 10,000	2,258	20,504,132	263,259	263,259	24,923	24,923	2,106	0	162	162	1,458	92.36%	0.00%	1.23%	0.12%	2.22%	0.22%	(105)	
10,000 - 12,000	1,963	21,936,924	323,154	323,154	108,817	108,817	1,848	30	40	40	966	93.90%	4.07%	1.47%	0.50%	2.73%	0.98%	(109)	
12,000 - 14,000	1,080	14,259,800	293,015	293,015	212,821	212,821	880	160	40	40	240	81.48%	14.81%	2.05%	1.49%	2.47%	1.91%	(74)	
14,000 - 16,000	1,230	18,335,280	336,025	331,108	282,708	276,127	920	360	0	0	160	71.86%	28.13%	2.02%	1.46%	3.26%	2.54%	(81)	
16,000 - 18,000	1,440	24,544,320	628,251	620,966	535,575	525,491	1,120	320	0	0	80	77.78%	22.22%	2.53%	2.14%	5.30%	4.80%	(64)	
18,000 - 20,000	920	17,549,520	401,048	394,438	357,425	344,819	540	280	0	0	0	69.57%	30.43%	2.25%	1.96%	3.38%	3.21%	(47)	
20,000 - 25,000	2,442	54,447,344	1,526,784	1,480,382	1,395,965	1,337,964	1,580	500	162	162	282	63.80%	24.57%	2.72%	2.46%	12.88%	12.52%	(54)	
25,000 - 30,000	1,766	47,950,898	1,505,144	1,550,798	1,541,995	1,475,252	1,000	504	162	162	162	56.63%	34.20%	3.23%	3.08%	13.54%	13.83%	(26)	
30,000 - 35,000	836	26,523,750	1,104,291	1,047,969	1,085,084	1,021,462	462	374	0	0	0	55.26%	44.74%	3.95%	3.85%	9.31%	9.73%	(23)	
35,000 - 40,000	638	23,833,678	1,094,399	995,171	1,115,781	1,002,567	330	308	0	0	0	51.72%	48.28%	4.13%	4.21%	9.23%	10.01%	34	
40,000 - 45,000	330	13,850,892	634,774	546,773	698,462	594,665	88	242	0	0	0	26.67%	73.33%	3.95%	4.29%	5.25%	6.27%	193	
45,000 - 50,000	284	13,372,342	548,797	521,554	703,899	562,292	105	179	0	0	0	36.97%	63.03%	3.90%	4.20%	5.47%	6.32%	194	
50,000 - 55,000	97	5,121,065	242,041	191,597	267,627	210,837	15	82	0	0	0	15.46%	84.54%	3.74%	4.12%	2.04%	2.40%	264	
55,000 - 60,000	45	2,553,240	138,510	116,538	152,742	125,178	15	30	0	0	0	33.33%	66.67%	4.56%	4.90%	1.18%	1.37%	294	
60,000 - 65,000	37	2,324,380	39,878	32,717	71,857	56,848	3	37	0	0	0	0.00%		1.41%	2.45%	0.34%	0.64%	864	
65,000 - 70,000	35	2,343,941	107,300	81,577	131,073	99,301	3	31	1	0	0	8.57%	91.43%	3.48%	4.24%	0.90%	1.18%	679	
70,000 - 75,000	22	1,590,275	92,176	75,492	99,332	80,209	6	15	1	0	0	27.27%	72.73%	4.75%	5.04%	0.78%	0.89%	325	
75,000 - 80,000	12	929,515	46,166	33,247	57,760	42,901	1	11	0	0	0	8.33%	91.67%	3.58%	4.62%	0.39%	0.52%	966	
80,000 - 90,000	38	3,208,712	187,408	151,209	199,958	157,999	12	25	1	1	0	31.58%	68.42%	4.71%	4.92%	1.58%	1.79%	330	
90,000 - 100,000	21	1,963,187	109,681	80,734	122,598	90,020	3	18	0	0	0	14.29%	85.71%	4.11%	4.59%	0.93%	1.10%	615	
100,000 - 110,000	18	1,876,762	109,570	78,447	119,371	85,385	7	11	0	0	0	38.89%	61.11%	4.18%	4.55%	0.92%	1.07%	545	
110,000 - 120,000	16	1,822,921	98,859	70,242	116,964	83,347	3	13	0	0	0	18.75%	81.25%	3.85%	4.57%	0.83%	1.05%	1,132	
120,000 - 130,000	12	1,495,032	80,912	58,271	89,143	64,112	4	8	0	0	0	33.33%	66.67%	3.90%	4.29%	0.68%	0.80%	686	
130,000 - 140,000	10	1,335,747	76,011	52,448	81,349	58,131	2	8	0	0	0	20.00%	80.00%	3.93%	4.20%	0.64%	0.73%	534	
140,000 - 150,000	8	1,155,294	63,713	48,040	73,257	55,472	1	7	0	0	0	12.50%	87.50%	4.16%	4.80%	0.54%	0.66%	1,193	
150,000 - & Above	52	19,676,495	1,419,446	999,453	1,479,874	1,038,989	14	38	0	0	0	26.92%	73.08%	5.08%	5.28%	11.97%	13.28%	1,162	
TOTALS	20,049	365,574,091	11,856,373	10,623,359	11,146,304	9,753,873	13,695	3,841	2,513	2,511	7,560	58.31%	19.16%	2.91%	2.57%	100.00%	100.00%	(35)	

Decile Group		Number of Households	Total Income	Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates (After Federal Offset)		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group				Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of	Number of	No. Change	Current Law	Proposed Law	Gainners	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	1,296	2,389,824	2,824	2,824	0	0	162	0	1,134	1,134	1,296	12.50%	0.00%	0.12%	0.00%	0.02%	0.00%	(2)	
2	1,782	9,074,430	52,329	52,329	0	0	1,296	0	486	486	1,782	72.73%	0.00%	0.58%	0.00%	0.44%	0.00%	(29)	
3	3,078	24,744,204	251,453	251,453	28,893	28,893	2,592	0	486	486	2,430	84.21%	0.00%	1.06%	0.12%	2.21%	0.26%	(76)	
4	3,374	38,775,600	657,560	657,560	294,682	294,682	3,134	200	40	40	1,328	92.89%	5.93%	1.70%	0.76%	5.55%	2.64%	(108)	
5	3,120	50,048,880	1,152,506	1,140,302	935,869	919,203	2,280	300	40	40	280	73.08%	25.64%	2.23%	1.84%	9.72%	8.40%	(89)	
6	2,642	55,756,824	1,482,892	1,422,125	1,352,319	1,293,380	1,800	580	162	162	242	68.13%	25.74%	2.55%	2.32%	12.34%	12.13%	(42)	
7	2,708	73,967,316	2,529,998	2,427,491	2,416,937	2,297,976	1,524	922	162	162	202	59.97%	34.06%	3.28%	3.11%	21.34%	21.68%	(42)	
8	1,078	38,846,610	1,768,859	1,645,277	1,786,863	1,643,758	572	506	0	0	0	53.06%	46.94%	4.24%	4.23%	14.92%	16.03%	17	
9	600	27,232,174	1,275,703	1,030,688	1,402,088	1,125,911	149	451	0	0	0	24.83%	75.17%	3.78%	4.13%	10.76%	12.58%	211	
10	371	44,726,725	2,692,251	1,983,309	2,928,656	2,150,069	86	232	3	3	0	23.18%	76.82%	4.43%	4.81%	22.71%	26.27%	837	
10A	90	5,004,465	261,130	221,432	286,120	239,356	30	60	0	0	0	33.33%	66.67%	4.42%	4.78%	2.20%	2.57%	278	
10B	102	6,870,550	258,699	210,922	339,407	264,415	10	90	2	0	0	9.80%	88.24%	3.07%	3.25%	2.27%	3.05%	693	
10C	179	32,351,714	2,162,422	1,550,955	2,303,129	1,646,238	46	132	1	1	0	25.70%	73.74%	4.72%	5.01%	18.24%	20.56%	786	
TOTAL	20,049	365,574,091	11,856,375	10,623,358	11,146,307	9,753,872	13,695	3,841	2,513	2,511	7,560	68.31%	19.16%	2.91%	2.67%	100.00%	100.00%	(35)	

House Tax Income Tax Proposal -- Married Filing Joint -- Calendar Year 1993

23-Mar-93

Income Bracket		Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax After Fed. Offset	Tax After Fed. Offset	Tax After Fed. Offset	Number of	Number of	No	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	1,296	1,120,554	5,797	5,797	0	162	0	1,134	1,134	1,296	12.50%	0.00%	0.52%	0.00%	0.01%	0.00%	(4)
2,000 - 4,000	2,430	8,143,092	6,006	6,006	0	324	0	2,106	1,944	2,430	13.33%	0.00%	0.07%	0.00%	0.01%	0.00%	(2)
4,000 - 6,000	2,106	10,836,504	4,129	4,139	0	324	0	1,782	1,782	2,106	15.38%	0.00%	0.04%	0.00%	0.01%	0.00%	(2)
6,000 - 8,000	4,050	28,115,586	55,778	55,778	0	1,296	0	2,754	2,592	4,050	32.00%	0.00%	0.20%	0.00%	0.08%	0.00%	(14)
8,000 - 10,000	5,346	48,723,768	212,277	212,277	3,591	3,240	162	1,944	2,106	5,184	60.81%	3.03%	0.44%	0.01%	0.31%	0.01%	(39)
10,000 - 12,000	3,742	41,247,504	275,699	275,699	34,146	2,592	30	970	848	3,180	71.94%	2.14%	0.67%	0.08%	0.40%	0.05%	(65)
12,000 - 14,000	4,218	54,774,340	478,191	474,752	158,781	3,038	200	930	930	3,298	73.21%	4.74%	0.87%	0.28%	0.69%	0.25%	(76)
14,000 - 16,000	4,650	70,218,954	748,092	742,211	329,051	3,364	440	846	836	3,170	72.34%	9.46%	1.06%	0.47%	1.23%	0.53%	(88)
16,000 - 18,000	4,366	74,162,968	899,166	892,999	376,129	3,282	280	804	764	2,926	75.17%	8.41%	1.20%	0.50%	1.30%	0.59%	(120)
18,000 - 20,000	3,764	71,050,094	1,066,295	1,051,822	515,985	2,342	520	402	362	1,844	75.50%	13.82%	1.48%	0.85%	1.54%	0.97%	(120)
20,000 - 25,000	3,002	180,188,854	3,849,464	3,763,137	2,447,490	6,482	1,240	280	400	1,762	81.00%	15.50%	2.09%	1.31%	5.56%	3.84%	(175)
25,000 - 30,000	6,978	190,040,060	4,383,913	4,725,250	3,798,855	4,704	1,646	628	546	884	67.41%	23.59%	2.49%	1.90%	7.05%	5.96%	(155)
30,000 - 35,000	5,156	166,941,352	5,458,615	5,196,881	4,297,510	3,940	1,176	40	206	146	76.42%	22.81%	3.11%	2.42%	7.88%	6.75%	(225)
35,000 - 40,000	4,062	151,787,576	6,071,257	5,657,048	5,143,955	3,094	968	0	0	40	76.17%	23.82%	3.73%	3.12%	8.76%	8.08%	(229)
40,000 - 45,000	3,772	160,011,478	6,320,551	5,804,137	5,760,609	2,502	920	250	272	242	68.98%	24.39%	3.63%	3.28%	9.12%	9.04%	(148)
45,000 - 50,000	2,418	114,578,818	5,090,411	4,606,339	4,502,137	1,651	568	199	162	202	68.29%	23.49%	4.02%	3.52%	7.35%	7.07%	(243)
50,000 - 55,000	1,362	71,450,209	3,445,752	2,864,879	3,369,170	861	501	0	0	0	63.22%	36.78%	4.01%	3.89%	4.97%	5.29%	(56)
55,000 - 60,000	1,133	65,027,491	3,014,625	2,432,129	2,927,064	602	501	20	22	0	53.13%	44.22%	3.74%	3.60%	4.35%	4.60%	(77)
60,000 - 65,000	922	57,482,777	2,941,557	2,291,934	2,912,572	540	367	15	0	0	58.57%	39.80%	3.99%	3.92%	4.25%	4.57%	(31)
65,000 - 70,000	724	48,712,101	2,224,128	1,714,061	2,394,514	276	444	4	41	0	38.12%	61.33%	3.52%	3.77%	3.21%	3.76%	235
70,000 - 75,000	401	28,981,403	1,506,776	1,193,152	1,568,379	180	219	2	4	0	44.89%	54.61%	4.12%	4.23%	2.17%	2.46%	154
75,000 - 80,000	344	26,539,823	1,355,991	1,041,021	1,450,607	133	205	6	0	0	38.66%	59.59%	3.92%	4.25%	1.93%	2.28%	333
80,000 - 90,000	458	38,660,580	1,973,180	1,490,150	2,169,515	160	289	9	2	0	34.93%	63.10%	3.85%	4.22%	2.85%	3.41%	429
90,000 - 100,000	329	31,049,157	1,613,944	1,235,732	1,718,888	113	216	0	3	0	34.25%	65.65%	3.98%	4.21%	2.33%	2.70%	319
100,000 - 110,000	227	23,773,256	1,350,073	1,009,939	1,425,150	93	133	1	1	0	40.37%	58.59%	4.25%	4.47%	1.95%	2.24%	331
110,000 - 120,000	180	20,687,042	1,163,117	834,404	1,278,719	62	117	1	2	0	34.44%	65.00%	4.03%	4.45%	1.68%	2.01%	542
120,000 - 130,000	126	16,917,649	960,928	697,820	1,039,714	57	79	0	4	0	41.91%	58.09%	4.12%	4.46%	1.39%	1.63%	579
130,000 - 140,000	109	14,705,403	864,880	612,072	929,781	42	66	1	0	0	38.53%	60.55%	4.16%	4.46%	1.25%	1.46%	595
140,000 - 150,000	96	13,894,934	847,701	622,677	891,235	34	61	1	0	0	35.42%	63.54%	4.48%	4.69%	1.22%	1.40%	454
150,000 - & Above	501	156,573,104	10,617,410	7,526,600	12,144,740	107	494	0	4	0	17.80%	82.20%	4.52%	5.17%	15.32%	19.07%	2,541
TOTALS	73,378	1,996,394,841	69,285,714	59,046,056	63,698,547	46,347	11,892	15,139	15,017	32,760	63.16%	16.21%	2.96%	2.64%	100.00%	100.00%	(76)

Decile Group		Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax After Fed. Offset	Tax After Fed. Offset	Tax After Fed. Offset	Number of	Number of	No	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	1,944	2,858,328	5,797	5,797	0	162	0	1,782	1,782	1,944	8.33%	0.00%	0.20%	0.00%	0.01%	0.00%	(3)
2	4,374	20,244,330	14,436	14,436	0	972	0	3,402	3,240	4,374	22.22%	0.00%	0.07%	0.00%	0.02%	0.00%	(3)
3	8,292	67,407,552	234,904	234,904	3,591	3,726	162	4,374	4,374	5,100	45.10%	1.96%	0.25%	0.01%	0.34%	0.01%	(23)
4	8,206	96,853,986	767,919	764,567	184,555	6,106	240	1,860	1,738	6,764	74.41%	2.92%	0.79%	0.19%	1.11%	0.29%	(71)
5	10,418	168,180,954	1,900,727	1,881,233	874,219	7,506	920	1,892	1,892	6,938	73.01%	8.83%	1.12%	0.50%	2.74%	1.37%	(99)
6	9,846	210,348,708	4,118,130	4,042,234	2,575,466	7,584	1,520	642	722	3,046	73.04%	15.44%	1.92%	1.18%	5.94%	4.04%	(157)
7	9,304	255,753,306	6,771,010	6,561,512	5,262,801	5,420	2,216	668	546	1,008	69.00%	23.82%	2.57%	1.97%	9.77%	8.25%	(162)
8	8,186	290,772,925	10,816,572	10,112,300	8,843,599	6,466	1,698	22	206	142	75.99%	20.74%	3.48%	2.31%	15.61%	13.88%	(241)
9	6,819	311,444,611	13,324,197	11,997,266	12,139,379	4,627	1,765	427	434	444	67.35%	25.88%	3.55%	3.47%	19.23%	19.06%	(174)
10	6,019	572,530,140	31,322,039	23,436,707	32,815,039	2,579	3,371	70	33	0	42.33%	56.01%	4.09%	4.39%	45.22%	53.09%	413
10A	1,904	109,610,733	5,243,208	4,202,596	5,159,425	1,081	778	45	22	0	56.78%	40.86%	3.83%	3.74%	7.57%	8.10%	(44)
10B	1,906	130,875,541	6,377,706	4,958,969	6,729,667	794	1,102	10	45	0	41.56%	57.32%	3.79%	2.98%	9.20%	10.56%	125
10C	2,209	232,043,366	18,711,125	14,275,142	21,925,947	703	1,491	15	16	0	31.82%	67.50%	4.30%	4.77%	28.45%	34.42%	1,003
TOTAL	73,378	1,996,394,841	69,285,711	59,046,056	63,698,549	46,347	11,892	15,139	15,017	32,760	63.16%	16.21%	2.96%	2.64%	100.00%	100.00%	(76)

House Tax Income Tax Proposal -- Married Filing Separate -- Calendar Year 1993

Income Bracket		Current Law		Proposed Law		Current to Proposed Law		No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax Tax After Fed. Offset	Tax Tax After Fed. Offset	Number of Gainers	Number of Losers	No. Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	162	153,733	0 0	0 0	0	0	162	162	152	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
2,000 - 4,000	810	2,538,054	16,033 16,033	0 0	486	0	324	162	810	60.00%	0.00%	0.63%	0.00%	0.01%	0.00%	(20)
4,000 - 6,000	486	2,533,022	38,607 38,607	0 0	486	0	0	0	486	0.00%	0.00%	1.52%	0.00%	0.02%	0.00%	(79)
6,000 - 8,000	324	2,252,772	15,518 15,518	0 0	324	0	0	0	324	0.00%	0.00%	0.69%	0.00%	0.01%	0.00%	(48)
8,000 - 10,000	648	5,448,060	56,257 56,257	25,065 25,065	324	0	324	162	486	50.00%	0.00%	1.03%	0.46%	0.03%	0.01%	(48)
10,000 - 12,000	1,206	13,324,950	126,094 126,094	93,593 93,593	440	280	486	486	766	36.48%	23.22%	0.95%	0.70%	0.08%	0.05%	(27)
12,000 - 14,000	1,588	20,425,430	274,342 274,342	208,467 208,467	1,248	280	40	40	848	79.59%	17.86%	1.34%	1.01%	0.17%	0.11%	(42)
14,000 - 16,000	1,882	28,338,904	428,914 428,914	322,758 322,758	1,442	400	40	80	962	76.62%	21.25%	1.51%	1.13%	0.26%	0.17%	(56)
16,000 - 18,000	2,320	39,491,500	686,223 686,223	526,015 517,182	1,480	760	80	40	840	63.79%	32.76%	1.72%	1.31%	0.42%	0.28%	(69)
18,000 - 20,000	2,242	42,340,536	633,735 633,735	494,707 486,063	1,562	840	40	40	922	69.67%	28.55%	1.48%	1.15%	0.38%	0.26%	(62)
20,000 - 25,000	7,160	162,109,960	3,144,271 3,086,052	2,400,435 2,334,955	5,080	2,000	80	0	1,400	70.95%	27.93%	1.90%	1.44%	1.91%	1.27%	(104)
25,000 - 30,000	8,210	226,461,534	5,466,384 5,331,061	4,864,639 4,694,964	5,200	2,966	44	0	548	63.34%	36.13%	2.35%	2.07%	3.32%	2.58%	(73)
30,000 - 35,000	8,494	276,978,252	7,371,380 7,346,870	7,669,518 7,279,743	4,490	3,850	154	0	128	52.86%	45.33%	2.72%	2.53%	4.78%	4.06%	(72)
35,000 - 40,000	8,766	329,531,744	10,435,278 9,825,967	11,258,775 10,505,486	3,406	5,206	154	0	0	38.85%	59.39%	2.98%	3.19%	6.33%	5.97%	94
40,000 - 45,000	3,792	372,582,750	12,725,083 11,796,041	14,582,585 13,396,752	2,596	6,042	154	22	0	29.53%	68.72%	3.16%	3.59%	7.72%	7.73%	211
45,000 - 50,000	8,082	383,461,821	13,936,313 12,452,860	16,354,067 14,513,611	1,796	6,241	45	0	0	22.22%	77.22%	3.25%	3.78%	8.46%	8.67%	300
50,000 - 55,000	7,115	373,344,077	14,125,964 11,818,340	16,428,063 13,603,600	1,518	5,582	15	22	0	21.34%	78.45%	3.17%	3.64%	8.57%	8.70%	323
55,000 - 60,000	4,616	264,879,659	10,302,586 8,360,627	12,711,585 10,213,552	582	3,934	0	0	0	14.77%	85.23%	3.16%	3.66%	6.25%	6.74%	522
60,000 - 65,000	3,964	246,882,446	9,984,286 7,980,087	12,249,788 9,731,314	285	3,679	0	0	0	7.19%	92.81%	3.23%	3.94%	6.06%	6.49%	572
65,000 - 70,000	2,547	171,813,921	7,190,928 5,615,598	8,862,777 6,874,924	200	2,338	9	2	0	7.85%	91.79%	3.27%	4.00%	4.36%	4.70%	656
70,000 - 75,000	1,926	129,328,535	6,005,049 4,725,584	7,269,292 5,679,329	197	1,727	2	0	0	10.23%	89.67%	3.39%	4.08%	3.64%	3.85%	656
75,000 - 80,000	1,402	108,445,027	4,949,060 3,641,018	5,838,836 4,565,073	37	1,314	1	0	0	6.21%	93.72%	3.36%	4.21%	2.82%	3.09%	849
80,000 - 90,000	1,790	151,078,816	6,752,169 5,283,144	8,323,873 6,478,507	156	1,634	0	1	0	8.72%	91.28%	3.50%	4.29%	4.10%	4.41%	878
90,000 - 100,000	1,110	105,014,413	4,900,449 3,832,503	5,994,594 4,667,373	98	1,009	3	0	0	8.83%	90.90%	3.65%	4.44%	2.97%	3.18%	986
100,000 - 110,000	709	74,399,573	3,551,860 2,703,175	4,314,500 3,268,627	62	647	0	0	0	8.74%	91.26%	3.63%	4.39%	2.15%	2.29%	1,076
110,000 - 120,000	522	59,898,606	2,905,675 2,211,485	3,507,030 2,661,805	62	458	2	0	0	11.88%	87.74%	3.69%	4.44%	1.76%	1.86%	1,152
120,000 - 130,000	411	51,377,755	2,538,844 1,911,573	3,027,166 2,280,719	52	359	0	0	0	12.65%	87.35%	3.72%	4.44%	1.54%	1.60%	1,188
130,000 - 140,000	282	38,016,619	1,965,764 1,476,581	2,316,632 1,722,679	32	250	0	0	0	11.35%	88.65%	3.88%	4.53%	1.20%	1.23%	1,173
140,000 - 150,000	228	32,960,793	1,763,487 1,329,182	2,053,896 1,546,457	31	196	1	0	0	13.60%	85.96%	4.03%	4.69%	1.07%	1.09%	1,274
150,000 - & Above	1,614	522,144,164	32,314,025 23,408,840	37,009,938 26,813,732	126	1,477	1	2	0	8.43%	91.51%	4.48%	5.14%	19.61%	19.61%	2,909
TOTALS	39,388	4,247,867,607	164,824,585 126,599,121	188,716,694 154,478,920	33,958	53,269	2,151	1,221	8,680	37.99%	59.59%	3.22%	3.64%	100.00%	100.00%	257

Decile Group		Current Law		Proposed Law		Current to Proposed Law		No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax Tax After Fed. Offset	Tax Tax After Fed. Offset	Number of Gainers	Number of Losers	No. Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	648	1,445,588	2,722 2,722	0 0	162	0	486	324	548	25.00%	0.00%	0.19%	0.00%	0.00%	0.00%	(4)
2	810	3,779,136	51,919 51,919	0 0	810	0	0	0	810	0.00%	0.00%	1.37%	0.00%	0.03%	0.00%	(64)
3	972	7,700,332	71,775 71,775	25,065 25,065	548	0	324	162	810	66.67%	0.00%	0.93%	0.33%	0.04%	0.01%	(48)
4	2,774	33,750,480	400,436 400,082	302,160 299,094	1,638	560	526	526	1,612	60.85%	20.19%	1.19%	0.89%	0.24%	0.16%	(35)
5	4,804	78,736,380	1,233,406 1,224,358	900,238 887,626	3,404	1,240	160	120	2,124	70.86%	25.81%	1.56%	1.13%	0.75%	0.48%	(59)
6	7,640	164,960,280	3,175,748 3,129,562	2,472,476 2,423,214	5,320	2,280	40	40	1,960	69.63%	29.84%	1.90%	1.47%	1.93%	1.31%	(92)
7	11,224	311,845,306	7,567,312 7,363,528	6,741,425 6,483,102	7,224	3,834	106	0	810	64.36%	34.69%	2.36%	2.08%	4.59%	3.57%	(74)
8	16,572	596,657,484	18,230,791 17,227,932	19,226,223 17,983,374	7,042	9,244	286	0	106	42.49%	55.78%	2.89%	3.01%	11.06%	10.19%	60
9	21,287	999,152,368	35,941,817 31,946,567	41,675,851 36,714,585	5,355	15,718	214	44	0	25.15%	73.84%	3.20%	3.67%	21.81%	23.08%	269
10	22,557	2,049,839,553	98,148,561 75,180,576	117,373,195 89,562,363	2,305	20,333	19	5	0	10.17%	89.74%	3.67%	4.37%	59.55%	62.20%	849
10A	7,995	460,821,389	18,050,507 14,618,478	22,052,680 17,710,378	1,042	5,963	0	0	0	13.03%	86.97%	3.17%	3.84%	10.95%	11.85%	501
10B	7,508	523,295,568	22,058,553 17,369,025	27,115,616 21,228,069	612	6,584	12	2	0	8.04%	91.80%	3.32%	4.06%	13.38%	14.37%	666
10C	7,054	1,065,622,196	58,039,601 43,193,063	68,204,899 50,724,416	651	6,396	7	3	0	9.23%	90.57%	4.05%	4.75%	35.21%	36.14%	1,441
TOTAL	89,288	4,247,867,607	164,824,587 126,599,121	188,716,693 154,478,923	33,958	53,269	2,151	1,221	8,680	37.99%	59.59%	3.22%	3.64%	100.00%	100.00%	257

4-5-93

SENATE TAXATION

EXHIBIT NO. 2DATE 4-5-93BILL NO. H 13671Thomas E. Towe
April 5, 1993ALTERNATIVE TAX PLAN

REVENUE

(In millions)
Annual Biennium

1)	<u>Income tax</u> - SB 235 modified:		
	- Graduated rate - 6% on the first \$30,000		
	7% up to \$40,000		
	8% on incomes over \$40,000.		
	- Standard Deduction - \$9,000 married couple		
	- \$4,500 single filing		
	- \$6,750 head of household.		
	- Personal Exemption - \$2,300 instead of \$3,500.		
	- Phase out of Standard Deduction and Personal Exemption at \$70,000 to \$100,000 of MAGI.		
	- Homestead rebate - refund of the property tax paid on the first \$4,000 of your personal residence.		
	Net new revenue	\$38.4	\$76.8
2)	<u>Corporate License Tax</u> - 7.75% instead of 6.75% (National average is 7.67%)		
	Net new revenue	8.0	16.0
3)	<u>Property Tax</u> -		
	- Class 3 - from 3.86% to 4.88%		
	- Class 4 - from 3.86% to 4.88%		
	- Class 8 - from 9% to 4.88%		
	- Class 11 - from 3.088 to 4.88%		
	- Homestead exemption on the first \$13,500 of each home. When combined with homestead rebate = \$17,500 of each home is tax free.		
	- All homes under \$83,725 would have a tax reduction.		
	- Commercial building exemption of \$4,000.		
	- Agricultural land exemption - 10% of assessed value.		
	Net revenue loss	-.9	-1.8
4)	<u>Rail Car Tax</u> - HB 640		
	- One time revenue of \$5.8		
	Net new revenue	3.2	6.4
5)	<u>Timber Sales from State Lands</u> - HB 667		
	Net new revenue	3.05	7.1
6)	<u>Coal Board Funds</u> - HB 350		
	Net new revenue	<u>1.65</u>	<u>3.3</u>
	TOTAL	53.4	106.8

EXPENDITURES

	(In millions)
	<u>Biennium</u>
1) HB 2 - General Appropriations	\$71.645
2) HB 3 - Supplementals (Change)	6.474
3) HB 1 - Feed Bill (Change)	.126
4) School Equalization Account (HB 2, etc.)	35.745
5) Adjustments (Coal Tax Accrual & SRS Account)	<u>2.647</u>
Total under current level	116.637
Plus additional revenue (first page)	<u>106.8</u>
Total Fund Balance	\$217.437
Fund Balance Deficit	<u>168.869</u>
Ending Fund Balance	\$ 48.568

CASH FLOW

Total Cash Available (from above)	\$217.437
Plus Clark Fork Damage Claim - HB 401	<u>5.175</u>
Total Cash Balance	222.612
Projected Cash Deficit	215.640
Cash Flow Cushion	\$ 6.972

IMPACT ON AGRICULTURE

Current law: (Based on state wide average farm or ranch)

Land - 2041 taxable acres x \$9.33 =	
\$19,042.53 assessed value x 30%	
x 300 mills =	\$1,713.83 tax
Machinery - \$24,500 x 9% x 300 mills =	661.50 tax
Farmstead (Buildings and 1 acre) - \$78,768 fair	
market value x 3.088 % x 300 mills =	<u>729.70</u> tax
Total Tax	\$3,105.03 tax

Proposed law: (Based on state wide average farm or ranch)

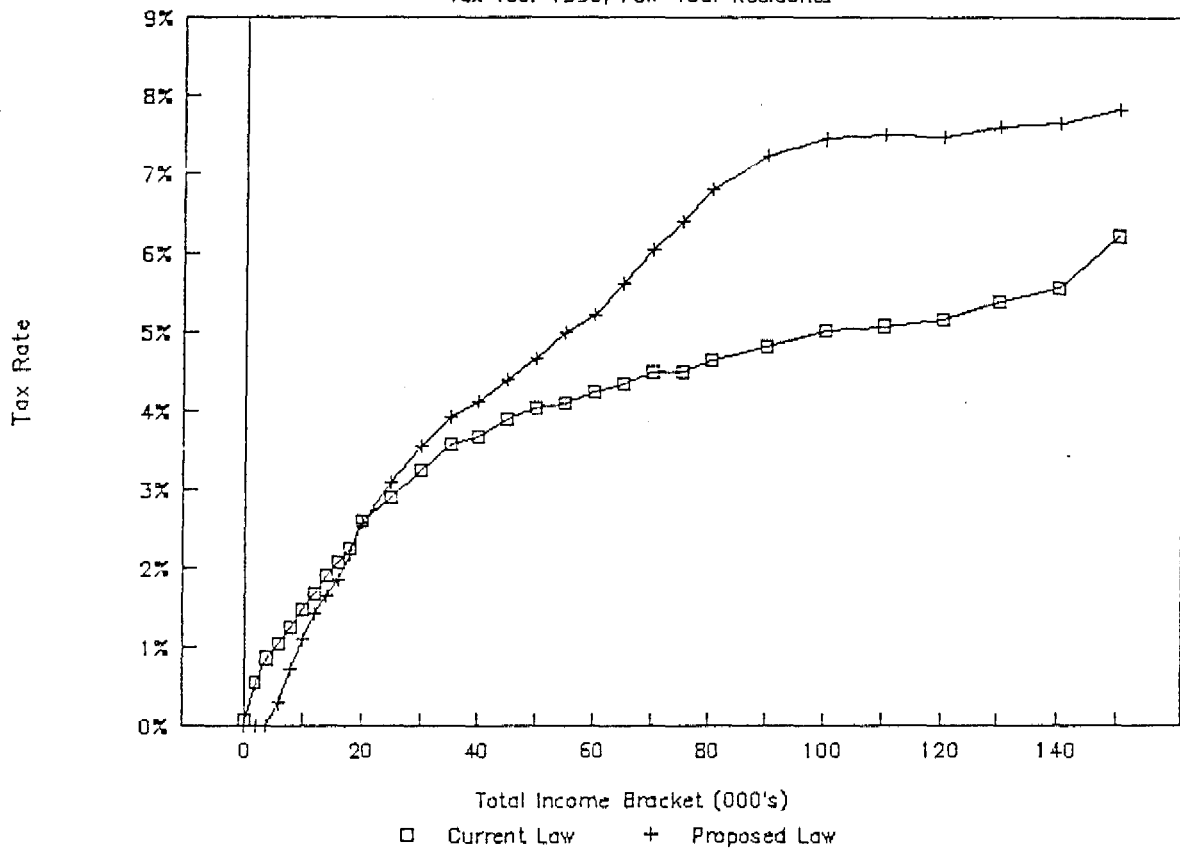
Land - 2041 acres x \$72.54 (under SB 168) =	
\$148,051.81 less 10% = \$133,246.63	
x 4.88% x 300 mills	\$1,950.73 tax
Machinery - \$24,500 x 4.88% x 300 mills	358.68 tax
Farmstead - \$78,768 x 4.88% x 300 mills	<u>896.96</u> tax
Total Tax	\$3,206.37
<u>Amount under SB 168:</u>	<u>3,288.07</u>
Total Tax Savings	\$ 81.70

Proposed Law: (Second example)

Land - 1000 acres x \$72.54 = \$72,540 less	
\$4,000 x 4.88% x 300 mills =	\$1,003.42
Machinery - \$20,000 x 4.88% x 300 mills =	292.80
Farmstead - \$60,000 x 4.88% x 300 mills =	<u>622.20</u>
Total Tax	\$1,918.42
<u>Amount under SB 168:</u>	<u>2,074.81</u>
Total Tax Savings - from Current Law =	17.39
Total Tax Savings - from SB 168 =	156.39

AVERAGE INCOME TAX RATES

Tax Year 1993, Full-Year Residents



DATE 4-5-93
HB-691

Senator Towe Information Request
 Individual Income Tax Reform Proposal
 March 19, 1993

Income Brckt.	Total Income	No. of Hshlds.				Tax Rates:	
			CL Tax	PL Tax	Difference	CL Tax Rate	PL Tax Rate
<0	(177,674,310)	5,184	0	0	0		
0	23,447,880	20,088	19,232	0	(19,232)	0.08%	0.00%
2	64,597,176	21,546	354,476	0	(354,476)	0.55%	0.00%
4	91,868,580	18,468	790,733	0	(790,733)	0.86%	0.00%
6	118,638,918	17,010	1,243,131	340,539	(902,592)	1.05%	0.29%
8	168,044,544	18,630	2,114,651	1,234,997	(879,654)	1.26%	0.73%
10	177,124,148	16,080	2,620,894	1,967,513	(653,381)	1.48%	1.11%
12	185,140,662	14,286	3,106,182	2,658,401	(447,781)	1.68%	1.44%
14	210,896,380	14,056	4,018,768	3,472,382	(546,386)	1.91%	1.65%
16	222,094,204	13,088	4,634,040	4,118,659	(515,381)	2.09%	1.85%
18	229,927,114	12,170	5,173,542	5,014,315	(159,227)	2.25%	2.18%
20	593,473,538	26,368	15,470,682	15,254,533	(216,149)	2.61%	2.57%
25	624,388,966	22,800	18,125,786	19,316,734	1,190,948	2.90%	3.09%
30	598,717,404	18,468	19,507,246	21,249,247	1,742,001	3.26%	3.55%
35	594,872,990	15,890	21,311,526	23,345,671	2,034,145	3.58%	3.92%
40	609,335,472	14,368	22,467,884	25,129,596	2,661,712	3.69%	4.12%
45	548,067,225	11,559	21,385,542	24,117,723	2,732,181	3.90%	4.40%
50	487,935,610	9,300	19,726,673	22,862,596	3,135,923	4.04%	4.69%
55	352,685,907	6,146	14,444,387	17,620,869	3,176,482	4.10%	5.00%
60	322,605,008	5,178	13,681,746	16,890,617	3,208,871	4.24%	5.24%
65	236,497,873	3,508	10,265,345	13,277,878	3,012,533	4.34%	5.61%
70	182,095,246	2,516	8,192,697	11,020,054	2,827,357	4.50%	6.05%
75	143,952,442	1,862	6,471,111	9,221,959	2,750,848	4.50%	6.41%
80	210,822,610	2,496	9,788,614	14,323,843	4,535,229	4.64%	6.79%
90	149,339,708	1,579	7,216,387	10,803,612	3,587,225	4.83%	7.23%
100	109,524,438	1,045	5,516,416	8,147,568	2,631,152	5.04%	7.44%
110	87,782,390	765	4,462,671	6,574,921	2,112,250	5.08%	7.49%
120	76,534,589	613	3,954,002	5,716,456	1,762,454	5.17%	7.47%
130	60,543,348	449	3,274,359	4,606,912	1,332,553	5.41%	7.61%
140	52,931,376	366	2,943,886	4,051,300	1,107,414	5.56%	7.65%
150	785,647,268	2,526	48,882,946	61,358,320	12,475,374	6.22%	7.81%
Totals	8,141,858,704	318,408	301,165,555	353,697,215	52,531,660	3.70%	4.34%

OFFICE OF LEGISLATIVE FISCAL ANALYST

CLASS 3 RATE 4.88%
 CLASS 4 RATE 4.88%
 CLASS 3 RATE 4.88%
 CLASS 8 RATE 4.88%
 CLASS 11 RATE 4.88%
 CLASS 12 CALC 7.06%

03-Apr-93

11:45 AM

SENATE TAXATION

EXHIBIT NO. 3

DATE 4-5-93

BILL NO. HJR 601

	RESULT OF RATE CHGE REVENUE/YEAR	BUS RELIEF @ \$4,000 0.4	HOMESTED RELIEF \$13,500	AG LAND EXEMPTION \$4,000	TOTAL REVENUE CHANGE (55,505)	HOMESTEAD CREDIT \$4,000 (14,152,239)	STATE REVENUE LOSS (15,086,574)
6 MILLS	812,976	(46,155)	(725,013)	(97,314)	(55,505)	(14,152,239)	(15,086,574)
95 MILLS	12,872,125	(730,782)	(11,479,371)	(1,540,803)	(878,830)		
COUNTIES	11,113,102	(607,995)	(9,666,564)	(1,086,520)	(247,977)		
SCHOOLS	19,700,201	(903,804)	(16,396,629)	(1,816,676)	583,092		
CITIES & TOWNS	7,758,261	(527,785)	(6,151,275)	0	1,079,201		
TOTAL	52,256,666	(2,816,520)	(44,418,852)	(4,541,313)	479,981		

CHANGE IN REVENUE RELATIVE TO CURRENT LAW
 ASSUMES MILLS DON'T CHANGE FROM FY93 LEVELS

JIM STANDAERT
 X-5389

BREAKEVEN HOME PRICE \$83,725
 FARMSTEAD BREAKEVEN 47,656

MINUTES

MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Mike Halligan, on April 20, 1993, at
8:00 a.m.

ROLL CALL

Members Present:

Sen. Mike Halligan, Chair (D)
Sen. Dorothy Eck, Vice Chair (D)
Sen. Bob Brown (R)
Sen. Steve Doherty (D)
Sen. Delwyn Gage (R)
Sen. Lorents Grosfield (R)
Sen. John Harp (R)
Sen. Spook Stang (D)
Sen. Tom Towe (D)
Sen. Fred Van Valkenburg (D)
Sen. Bill Yellowtail (D)

Members Excused: None.

Members Absent: None.

Staff Present: Jeff Martin, Legislative Council
Bonnie Stark, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: None.
Executive Action: HB 671

EXECUTIVE ACTION ON HB 671

DISCUSSION:

Exhibit No. 1 to these minutes is a memorandum from Mick Robinson, Director of the Department of Revenue (DOR), which shows the revenue impact of HB 671 as it relates to the Consumer Price Index (CPI). The DOR has presented an amendment that would correct the indexing language of HB 671 to reflect the intent of the House to index at half the CPI, and restore the revenue impact to \$66.11 million.

Senator Van Valkenburg reported that Governor Racicot yesterday said he finds HB 671 unacceptable in its present form. Before this Committee takes action on this bill, Senator Van Valkenburg called attention to some facts he thinks are important to consider. (1) People were led to believe that HB 671 would be an integral part of the proposed state budget. (2) The Governor has not appeared before this Committee to let anyone know he felt HB 671 was unacceptable. At the time the bill was heard in this Committee, the DOR reported HB 671 had a technical problem, but that it was not of great consequence this biennium because it only affects indexation in the second year of the biennium and it won't be any big problem to deal with and no one on this Committee said the problem couldn't be worked out. (3) The DOR Director submitted a memorandum dated April 15 (Exhibit No. 1) saying the problem is bigger than previously presented; it is an \$8.6 million problem. The timing is such that it is impossible to amend HB 671 and get it back to the House without a suspension of the rules in the House. The House is presently engaged in a debate over the sales tax. The Senator feels a major piece of the budget can't be sent back to the House with amendments under those circumstances. It was thought to be responsible action to hold HB 671 in this Committee until the end of the session, and if it were possible to reach an agreement with the Governor and House members as to amendments that might be made to the bill, that would take care of the technical problems, and this Committee was willing to do that. Senator Van Valkenburg expressed that opinion to the Governor, he told Director Robinson he would work with him on issues such as getting the 65,000 people who would be dropped off the tax rolls back onto the tax rolls, and that he was open to compromise on HB 671. HB 671 needs to be moved through the process in this Committee, the Senate floor, and the House, and on to the Governor with the understanding that the Governor would offer an amendatory veto to this bill. Something needs to be done to balance the state budget and bring the State together.

MOTION:

Senator Van Valkenburg moved that HB 671 BE CONCURRED IN.

DISCUSSION:

Senator Harp said the Governor has communicated to the Senate that his interests have been a total tax reform package that passed out of the Senate, SB 235. At that time, Senator Harp assumed there were two tracks: one track is taking care of the on-going needs of this Session in trying to balance the budget; the second track is going down a long-term tax proposal with a vision toward the future of Montana's needs. What occurred to change the Governor's mind was when a major component of the Governor's major tax reform went off the tracks in the House. The Governor would have supported HB 671 knowing that in June he would have had an option to rescind this proposal on a referendum that the public would support by passing SB 235, the

sales tax bill. After defeat of SB 235 in the House, the Governor has to look at exactly what is on the table. He doesn't like how double income families are being treated, he doesn't like the idea of 64,000 taxpayers coming off the rolls, he doesn't like the idea of the entrepreneurs, the small business owners, the people who are trying to expand the state's economic base, being penalized in HB 671. There is an element of HB 671 in SB 235, but it had property tax relief, personal property tax relief, and an array of other things included in SB 235. Senator Harp thinks the reason the Governor has changed his thinking, particularly on HB 671, is because he always assumed there would be two trains running continuously all through the process, and since one train was lost in the House defeat of SB 235, now the only thing he has to work with is HB 671.

Senator Towe added to Senator Van Valkenburg's statements, that the Governor not only did not indicate his opposition to HB 671 as it was going through the legislative process, but it is Senator Towe's understanding that the Governor came into the House with a number of amendments which were adopted to make HB 671 more acceptable to him at that time. Those amendments are in the bill at the present time. Senator Towe thinks there are a lot of options, and a lot of possibilities, to amend this bill so it is acceptable to both the Senate and the House. He does not believe a surtax is an answer; he thinks this is the worst of all possibilities.

Senator Gage said he thinks the major mistake was not trying some amendments with HB 671 several days ago. He said the Legislature needs to do what the Legislature should do, regardless of who is Governor.

Senator Halligan said bi-partisanship on SB 235 turned into fruition with actual votes on both sides of the aisle. HB 671 came to this Committee in a bi-partisan way, and our leadership role now is to work with the Governor in the amendments, hoping to have the House involved in those discussions, so the non-sales tax, long-term reform, can go into place in a bi-partisan fashion.

Senator Doherty said it is important to break the stalemate that exists in the House, and that may exist between the House leadership and the Governor. He hopes that the Senate will be able to act as a mediator between those parties and somehow break the stalemate.

VOTE:

The motion to concur in HB 671 CARRIED 7-4 on Roll Call Vote (#1). (870842SC.Sma) Senator Halligan will carry the bill on the Senate floor.

Exhibit No. 2 to these minutes is a letter from Margaret A. Likens in opposition to HB 671.

ROLL CALL

SENATE COMMITTEE

TAXATION

DATE 4-20-93

[illegible]

FC8

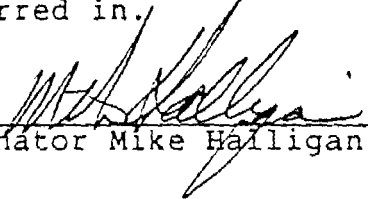
Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 20, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 671 (third reading copy -- blue), respectfully report that House Bill No. 671 be concurred in.

Signed: 
Senator Mike Halligan, Chair

ROLL CALL VOTE #1

TAXATION

BILL NO. 1267

4-20-93

8:22

A.M. P.M.

YES NO

[illegible]

Mike Halligan

CHAIR

Dr. A. H. Brown

Journal of Management Education 30(6)

State of Montana

Marc Racicot, Governor



4-20-93
HB 671

Department of Revenue

Mick Robinson, Director

P.O. Box 202701

Helena, Montana 59620-2701

April 15, 1993

MEMO

TO: Senator Mike Halligan, Chairman
Senate Tax Committee

FROM: Mick Robinson, Director *Mick*

SUBJECT: Revenue Impacts of HB 671

In your deliberations of HB 671, there are several revenue-related issues that you should consider:

First, as passed out of the House of Representatives, the Department estimated total additional revenue generated by this bill to be \$66.11 million, over the 1995 biennium. However, after the Senate Tax Committee began deliberations on HB 671 it was brought to our attention that the indexing provisions of the bill were improperly drafted. Whereas the computer simulations used to estimate the revenue impact of the bill indexed the exemption and standard deduction levels for one-half the increase in the consumer price index (CPI), the language in the bill effectively continues indexing at the full increase in the CPI. Consequently, the revenue impact of \$66.11 million is overstated by approximately \$8.64 million. As the bill stands now, a more correct estimate of the biennial revenue impact is \$57.47 million. The Department has provided an amendment that would correct the indexing language of the bill to reflect the intent of the House to index at half the CPI, and restore the revenue impact to the \$66.11 million level.

Second, to address another specific concern, the Department also has drafted an amendment that would allow the two-earner deduction in the bill to be based on "earned income", rather than on wages and salaries only. This amendment is estimated to reduce revenue over the biennium by about \$1.25 million.

In summary, if neither amendment is adopted then the 1995 biennium revenue impact of HB 671 is \$57.47 million. If only the indexing amendment is adopted the revenue impact is \$66.1 million. And if both amendments are adopted the revenue impact is \$64.86 million.

cc: Dave Lewis, Budget Director

Director - (406) 444-2460

Legal Affairs

Personnel Training

"An Equal Opportunity Employer"

Margaret A. Likens
P.O. Box 5925
Helena, MT 59604

RECEIVED
NO. 2
4-30-93
HB 671

April 14, 1993

TO: Senator Mike Halligan

RE: Senate Bill 671

I want to let you know that I object to Senate Bill 671. This bill is being touted as "tax reform" but all it really does is shift the tax burden to the upper income people in the state. I know that this has appeal because it is a more progressive tax structure, but I think it takes the concept of "progressive" to the extreme and therefore turns it into a bad idea.

I can't help but think that this bill also plays upon the class warfare attitude which does not help bring our society together to deal with problems in a way that every citizens is responsible and participates. Afterall, the way citizens participate in government is by voting and paying taxes. We should not relieve substantial numbers of citizens of their rights, priviledges and responsibilities.

I think this bill would also exacerbate the poor business climate in the state and thus further divide the wealth and opportunity for our citizens. Those who have money provide direct and indirect contributions to business in the state. We should not punish them or give them negative incentives to leave the state. Don't believe that this doesn't happen. Those individuals with high incomes can change legal residences because they have resources and options.

I have been following the session closely and I realize that you have difficult decisions to make. I appreciate that the legislature is attempting to erase Montana's deficit through equal portions of budget reductions and tax increases. But our state's deficit is not a function of one fiscal year -- it is a structural deficit that has been building for the last ten years. It is only fair to the citizens of Montana that the legislature not act in a political or rash way to hurt the long term prospects of the state. In this difficult situation, I think the budget cuts are necessary and also releasing earmarked funds to the general fund, plus a sales tax, with a sunset provision of two to four years, are a better alternative.

Regards,



Margaret A. Likens

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION

FREE CONFERENCE COMMITTEE ON HOUSE BILL 671

Call to Order: By CHAIRMAN STEVE DOHERTY, on April 23, 1993, at 10:00 a.m.

ROLL CALL

House Members Present:

Sen. Steve Doherty, Senate Chairman (D)
Sen. Lorents Grosfield (R)
Sen. Tom Towe (D)

Senate Members Present:

Rep. Bob Gilbert, House Chairman (R)
Rep. Jim Elliott (D)
Rep. Marian Hanson (R)

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Council
Jill Rohyans, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased.

HOUSE BILL 671

CHAIRMAN DOHERTY said the House compromise that resulted in HB 671 was one of the best examples of bipartisan cooperation of the session.

REP. GILBERT said the rare bipartisan effort resulted in a very fragile compromise bill. Therefore, the Senate amendments were rejected so that the bill could be put immediately into a conference committee at the earliest opportunity where both houses could work out their differences together and produce a workable bill.

REP. ELLIOTT said the compromise was the result of a long hard effort. Both parties in the House and the Governor's office got some of the things they wanted. He said a deal is a deal you stick with and for that reason he was glad to see it in the Conference Committee. He hoped the same spirit of compromise would prevail in this Committee.

CHAIRMAN DOHERTY asked Mick Robinson, Director, Department of Revenue (DOR) to present the Governor's proposed amendments to the Committee.

Mr. Robinson reviewed the Governor's amendments EXHIBIT #1. He said the Governor's Office indicated to the House at the beginning of the session that a surcharge was the Governor's choice of an income tax increase. The House found that approach unacceptable and the work then began on the compromise measure. DOR provided a great deal of information to the Taxation Committee and to the Speaker on various taxation reform scenarios. The Governor's Office was apprised of various measures under consideration, but was surprised at the 7.5% income tax proposal that was presented to the House. The Governor had anticipated that the low end of the taxpayer spectrum would remain close to current levels recognizing that low income individuals could not afford much, if any, increase in income taxes. The 7.5% rate represented a significant reduction in the number of income taxpayers in the state. As a result, the administration presented a 6.9% income tax proposal to the House Taxation Committee in an effort to recapture some of the taxpayers that had dropped off the lower end. These amendments, EXHIBIT #1, are based on the 6.9% proposal with adjustments in the rate to 6.7% and lowering of personal exemptions in order to arrive at revenue neutrality with the \$66 million estimated to be raised in HB 671. Mr. Robinson said the concern with increasing income taxes is the significant narrowing of the tax base that results.

The proposed amendments would reduce the exemption level from the HB 671 level of \$3500 to \$2900. The standard deductions remain as set in HB 671. The phase-out range of standard deductions and personal exemptions differs somewhat: HB 671 phases-out from \$150,000 - \$200,000 versus the amendments phase-out level of \$130,000 - \$200,000. The exemptions are reduced to the zero level at \$200,000. The retirement exclusion of \$3600 is the same in the amendments, in HB 671, and in current law.

The definition of the two earner deduction has been changed from a wage and income to an earned income basis. The two earner deduction would then encompass families with one wage or salary earner and one whose income is based on net profit or a type of self-employment income.

The changes recapture some of the 64,000 exempt taxpayers at the low income end in HB 671 although there will still be 42,000 taxpayers who have no tax liability under the 6.7% rate. The Governor would have liked to recapture more taxpayers and considered a 6.3% rate. However, it was impossible, within the time restraints, to make the adjustments necessary to keep the upper income level taxpayers from getting a further tax break.

These amendments represent a significant good faith effort by the Governor to move from a surcharge toward an acceptable flat tax rate.

Mr. Robinson said the Governor will not accept any additional taxpayers dropping off the tax rolls nor will he accept any changes in the minimum standard deductions.

REP. GILBERT asked how much less revenue would be collected by changing the definition of the two earner deduction to include earned income.

Mr. Robinson said there would be \$1.25 million less income as a result of that amendment.

REP. GILBERT asked if there is a mechanism elsewhere in the bill that compensates for that \$1.25 million loss.

Mr. Robinson said it is provided for in the adjustments to the exemptions and the percentage level.

REP. GILBERT pointed out the 7.6% rate was adjusted in HB 671 to compensate for the first year windfall. He said it appears there is no adjustment for that windfall with the 6.7% rate.

Mr. Robinson replied the percentage adjustments that were made were calculated to arrive at revenue neutrality with the estimated \$66 million revenue in the House passed version of HB 671.

REP. GILBERT said 64,000 people were dropped from the tax rolls in the House passed version of HB 671 which represents slightly over \$2 million in taxes paid. He said the Governor's 6.7% proposed rate drops off 42,000 people for a savings of approximately \$400,000. He asked Mr. Robinson if he could verify those figures.

Mr. Robinson said the amount of revenue lost as a result of dropping 64,000 people off the tax rolls was \$5.5 million. He said the figure for 42,000 taxpayers would be closer to \$4 million over the biennium. A key factor is the point at which taxpayers begin to see an increase in their taxes. In the 7.2% proposal the increases begin at \$30,000. In the 6.7% proposal,

the increase begins at \$18,000. The Governor is concerned about the tax shift that occurs by adding the \$4 million to the \$66 million in the bill as well as the tax status change that occurs when 42,000 taxpayers are dropped from the rolls. That is the reason the Governor prefers a surcharge. The significant difference with the 6% proposal in SB 235 (sales and use tax) is that income taxes are reduced by \$30 million a year rather than increasing them \$30 million a year. The impacts of going to a flat tax proposal when taxes are being reduced are significantly mitigated. There is a great difference between increasing taxes and moving to a flat tax and decreasing taxes and moving to a flat tax.

REP. GILBERT reviewed the spreadsheets contained in EXHIBIT 2. He said there seems to be very little increase in taxes being paid by the \$150,000 plus level taxpayers. He asked if the people in the \$200,000 - \$250,000 brackets are paying any increase at all. He said he would be very concerned if there were even one or two people in the very high income level that were paying no increase and yet many low income people would have their taxes increased.

Mr. Robinson said all the proposals are less than perfect. He said the \$150,000 level is the final category in the tax base and they have no detailed breakdown of figures above that level. There is, however, an increase in the effective tax rate in that category from 6.22% to 6.65% in terms of all households.

REP. GILBERT and SEN. TOWE pointed out there are 31 taxpayers in that category, none of whom are paying any tax right now.

REP. GILBERT said his comments were not meant to be critical of the Governor. He said he appreciates the Governor's recognition that the surcharge is dead and his willingness to compromise on the flat tax. He felt the comparison of the flat tax, sales tax, and this bill by Mr. Robinson was somewhat unfair. REP. GILBERT said, as he understands the proposal, the average wage earner who does not own personal property receives very few breaks under the provisions of SB 235. They get a small decrease in personal income taxes, but they are saddled with a 4% sales tax and a 4% tax on all services. In the long run, their tax breaks are quite insignificant.

Mr. Robinson said SB 235 offers a much more progressive tax system than what is contained in HB 671. Taxpayers below the \$22,000 level would pay less under SB 235 than they would under the provisions of HB 671.

REP. ELLIOTT said low income individuals cannot afford much of a tax increase. He asked Mr. Robinson if he felt minimum wage earners should receive a tax increase.

Mr. Robinson said the 42,000 taxpayers would not be dropped off the tax rolls under a surcharge. The tax increase would impact minimum wage earners at an income level of approximately \$2000. Under HB 671, with the Governor's proposed amendments, the increase begins at about \$6000 - \$8000.

REP. ELLIOTT said a minimum wage earner grosses \$8400 a year. Under the surcharge they would have a 10% tax increase; under these amendments they would have a 20% increase. He said the fairness issue is why he discussed the minimum standard deduction with Rick Hill of the Governor's office. He said the 64,000 people who would drop off would have paid \$34 each. He said he thought those negotiations were in good faith.

Mr. Robinson said the final negotiations prior to the 7.2% proposal took place between REP. ELLIOTT and himself. He said there was never an agreement or a commitment by the Governor to the 7.2% proposal. The negotiations with Rick Hill were a separate matter and, again, there was never a commitment from the Governor.

REP. ELLIOTT said he was referring to good faith negotiations, not good faith agreements. One of the difficulties with those negotiations was determining just who was speaking for the Governor's office. He asked what would happen to the income tax base if the federal income tax deductibility was kept intact.

Mr. Robinson replied if the federal government increases federal income taxes, the federal deductibility would increase at the state level, thereby decreasing Montana tax collections.

REP. ELLIOTT asked Mr. Robinson if he means narrowing the number of taxpayers when he refers to narrowing the tax base as opposed to decreasing the amount of taxes collected.

Mr. Robinson said that was correct.

SEN. GROSFIELD asked how many taxpayers are recaptured under the Governor's proposal.

Mr. Robinson reviewed the all households spreadsheet, EXHIBIT #2, with the Committee. He noted there is some concern about home mortgage interest deductions and charitable contribution deductions when moving to a flat rate system.

SEN. GROSFIELD said it appears there are 300 taxpayers in the \$45,000 and above income category with no tax liability under current law. He asked if this is typical or if there is a variance from year to year.

Mr. Robinson said there is some fluctuation but there are a typical number of taxpayers in those categories that do not have a tax liability each year.

SEN. TOWE asked about the corporate license tax figures.

Mr. Robinson said there is no information because the Governor's proposal does not change the corporate portion of the bill at all. The proposal and the information contained in EXHIBIT 2 only addresses individual income tax.

SEN. TOWE, referencing the all household spreadsheet, EXHIBIT 2, said the Governor's proposal addresses the majority of those who have no tax liability in the over \$45,000 income brackets and takes care of that inequity quite well. The problem with the 6.7% flat rate is that the tax liability for taxpayers on the low end increases from 2% to 6%. Most of those increases impact single filers in the \$6000 and above categories. He pointed out \$6000 is below minimum wage which makes it difficult enough for that wage earner to survive without having to absorb a tax increase.

The low income problem was eliminated in SB 235 because there was a higher exemption and a standard deduction that was not indexed. HB 671 had a minimum standard deduction of 30% for a single filer with a minimum of \$2,500 and a maximum \$5,000 of income. Adding the \$2,500 to the personal exemption offsets the impact of increasing the tax liability from 2% to 6%. SEN. TOWE said the Governor's proposal must contain a minimum of some sort in order to be fair.

Mr. Robinson said DOR is running information based on minimums at this time. He said there would be more taxpayers taken off the tax rolls as a result of adopting a minimum figure.

SEN. TOWE asked if the Governor would be amenable to a rate lower than 6.7% for wage earners under \$20,000.

Mr. Robinson said there has been discussion of a two rate system. It was rejected because the 6.7% flat rate most closely parallels HB 671 as it currently stands.

CHAIRMAN DOHERTY RECESSED THE MEETING AT 11:00 A.M. FOR PARTY CAUCUSES. THE MEETING RECONVENED AT 1:05 P.M.

CHAIRMAN DOHERTY asked how much tax income is represented by the 64,000 taxpayers that are dropped from the tax rolls.

Mr. Robinson said they represent a \$5.5 million reduction for the biennium.

CHAIRMAN DOHERTY proposed dropping 20,000 - 25,000 taxpayers off the rolls and adjusting the rates and other figures to maintain the revenue neutrality. He asked Mr. Robinson what the fiscal impact would be and what would have to be changed to stay at the \$66 million level.

Mr. Robinson said an earlier scenario run by DOR at a rate of 6.3% dropped off 23,000 taxpayers. One of the problems inherent in a single rate tax proposal is that as the exemption level is reduced it, in turn, reduces the rate. As a result, the wealthy taxpayers get closer to the current tax liability level and pay little or no taxes. He said it could be accomplished using a dual rate in order to recapture some of the revenue from the high income taxpayers.

CHAIRMAN DOHERTY asked if the phase-out level could be moved down to the \$70,000 - \$100,000 income category.

Mr. Robinson said one effect of the phase-down is a ballooning in the middle income categories and a flattening at the upper end.

CHAIRMAN DOHERTY said, at a 7.2% rate, tax increases start at the \$30,000 level in HB 671 as passed by the House. Under the Governor's proposal, at a 6.7% rate, the increases would start at \$18,000.

Mr. Robinson said that is correct and noted that as the tax rate increases the number of taxpayers in the tax base decreases.

CHAIRMAN DOHERTY said the Governor's proposal picks up 22,000 taxpayers that dropped off the rolls in HB 671. Revenue gained from the 22,000 will total approximately \$2.8 million. He asked how much it costs to process a return.

Mr. Robinson said he is not sure of the cost but he suspects the increase in tax received on the marginal returns is probably less than the cost of processing.

REP. ELLIOTT said although the Governor's proposal seems to be revenue neutral for the biennium, it yields less revenue on a calendar year basis.

Mr. Robinson said when indexing is applied to the difference between the \$3,500 and \$2,900 personal exemption it has a significant impact on income tax receipts. The increase in tax in 1994 is \$32.8 million in the Governor's proposal as compared to \$29.5 million at the 7.2% rate in HB 671. Although there is less revenue in 1993, it grows to above the 7.2% amount in 1994 and 1995 which is most likely due to indexing.

In answer to a question from REP. ELLIOTT, Mr. Robinson reviewed the attached EXHIBIT 3, regarding single filers, with the Committee. He said the reference to the single filer tax credit was suggested by the author of the memo, Larry Finch, Office of Research and Information, DOR, but has not been adopted by the Governor or himself as a viable component of the Governor's proposal.

CHAIRMAN DOHERTY asked **Mr. Robinson** if there is any room for adjustment in the Governor's proposal.

Mr. Robinson said the Governor does not want the base narrowed any further. He would accept some minor adjustments in the 42,000 exempt taxpayer level, but would not be willing to look at any significant changes in that area. This compromise proposal was reached in good faith discussions held yesterday with members of both the House and Senate.

CHAIRMAN DOHERTY asked if the \$130,000 - \$200,000 category is the upper end phase-out level, and if so, what is the reason for choosing that level.

Mr. Robinson said that is correct level. In a single rate approach there is a flattening out of the curve at the upper level, **EXHIBIT 2, page 2**. The flattening out started at about \$130,000 and ranges up to \$200,000. He said it is broader than HB 671 provisions, but it also starts at a lower level and ends at the same point.

CHAIRMAN DOHERTY asked about the ramifications of lowering the upper level phase out to \$75,000 - \$100,000.

Mr. Robinson replied that would increase the amount of revenue received and would also change the revenue neutrality by a few million dollars. The House Republican caucus would oppose that approach.

REP. GILBERT said the lower phase-out levels were considered by the House Republican caucus and were rejected earlier in the session.

REP. GILBERT said he reviewed the original HB 671 provisions, the compromise figures, and the Governor's proposal and decided there is not a significant difference between them. The differences lie in the level of taxpayers dropping off the tax rolls and the amount of money they would pay. He said \$2.8 million is not a terribly significant amount to lose from \$300 million. The major difference is in philosophy, i.e., should the poor pay and, if so, at what level and how much. He said he doesn't see much negotiating room and has been discouraged with the lack of cooperation with the Governor's office as the compromises have been worked out. The Governor has said unless SB 235 passes both houses he will not look favorably upon HB 671. **REP. GILBERT** said one branch should not tell another branch of government what to do. He said he wonders if there is a reason for the legislative session at all if, on the 89th day, the Governor says "do it my way or else". He said he hopes to see some more cooperation before the day is out.

REP. ELLIOTT said he agrees entirely with REP. GILBERT. He said everyone here was elected by the people of the state and they take that charge seriously. Although the Governor is well within his rights in exercising his veto power, REP. ELLIOTT said he resented the lack of cooperation as much as REP. GILBERT.

REP. GROSFIELD said he would like to see the Conference Committee resolve this matter in a responsible way. He felt there is a little room for negotiation on the Governor's amendments. He said the Senate Republicans are very nervous over a 6.7% rate and do not want to raise that rate at all. He noted there can be some changes made in the low income level and urged the Committee to look at that provision again. He agreed with REP. GILBERT's assessment of the veto message. The people of Montana expect to vote on the sales tax and the Governor wants to give them that opportunity.

CHAIRMAN DOHERTY said the people of Montana, as represented in the House and Senate, are entitled to the best, most well-crafted, reasonable tax alternative possible.

REP. GILBERT pointed out he never intended HB 671 to be considered overall tax reform or to be in competition with the sales tax bill. There had to be an alternative plan in place in case the sales tax bill fails in the June election. He said he is certain the people of Montana do not want a sales tax, but they do want the opportunity to vote on it if there is one proposed.

CHAIRMAN DOHERTY RECESSED THE MEETING AT 1:50 P.M.. SEN. TOWE WAS IN ANOTHER CONFERENCE COMMITTEE AND COULD NOT ATTEND THIS MEETING UNTIL 3:30 P.M.

CHAIRMAN DOHERTY RECONVENED THE MEETING AT 3.42 P.M.

REP. ELLIOTT asked if there is any device that can be put into place to protect middle and lower income taxpayers and single taxpayers from a tax increase.

Mr. Robinson asked for a definition of "middle income taxpayer".

REP. ELLIOTT said they would be the middle third of all taxpayers in the state. The middle income single taxpayer would be one with a top income of \$25,000. He asked if the administration would be willing to look at a different rate for the single taxpayer.

Mr. Robinson said it is hard to compare the income levels between the single householder and the family because there are variable tax increases among the filing levels due to the number of exemptions claimed.

SEN. TOWE, referring to EXHIBIT 3, said he is interested in Option 3. With a minimum standard deduction, the single filer would not have to pay any taxes until his income exceeded \$5400 which would alleviate some of the concern about tax increases for the lower end wage earner.

Mr. Robinson pointed out it would also drop another 8,000 taxpayers off the tax rolls.

SEN. TOWE said he understood that, but asked why it is such a major concern when they are only paying an average of \$90 in taxes. He said that is not a very high price to pay to keep a large segment of low income taxpayers from having to absorb a tax increase they can ill afford.

Mr. Robinson reminded the Committee the Governor has compromised a great deal from his original position supporting a surtax. He said the Senate Republicans are not comfortable with HB 671 or the 6.7% rate. They would much prefer to recapture more of the lower end taxpayers. The Governor prefers Option 1, EXHIBIT 3.

REP. ELLIOTT said from the beginning the concern has been to keep as many people on the tax rolls as possible. In devising a new tax system, he felt it was important to design a system that would closely approximate the curve of current law. The one element that makes the curve closely align current law is the single filer under \$20,000. It is not the intent to drop them off the tax rolls, rather, to keep them from incurring a tax increase. He said a person making \$8000 should not have to pay a tax increase, if anything, he should be paying less. The problem with the Governor's proposal is that he will be paying 20% over his current law tax assessment. REP. ELLIOTT said that is the real sticking point.

SEN. TOWE said he is still concerned about the single filer who will have a tax increase. He said Option 3 goes a long way toward addressing those concerns.

SEN. TOWE said dropping the standard exemption from \$3000 to \$2900 saves \$13 million over the biennium. He said dropping the deduction to \$2300 would save \$91 million.

Mr. Robinson verified that figure was fairly accurate.

SEN. TOWE asked if the Governor would agree to the Legislature raising the revenue to fund HB 667 by dropping the standard exemption to \$2700 or \$2800.

Mr. Robinson stated the Governor is not in favor of any revenue increase above the \$66 million needed to maintain revenue neutrality. This is also a strong concern of the House of Representatives in light of the balanced budget proposal.

REP. ELLIOTT proposed eliminating the minimum deduction and establishing a 40% deduction for single filers with income up to \$4900. The proposal would not drop anyone making under \$4900 from the tax rolls. Those making under \$4900 would pay no tax; those above would pay more and it would maximize at \$12,500. He asked if the administration would be willing to consider this proposal.

Mr. Robinson said the proposal might work. He said there is a concern with establishing two different rates. He said he would look at the impacts and give the proposal due consideration.

REP. ELLIOTT asked Mr. Robinson to do a computer analysis of the proposal and to also run figures on the federal offset.

SEN. TOWE said he is concerned about eliminating the minimum. Under REP. ELLIOTT's proposal, with no minimum, a taxpayer would begin paying tax at \$4800, with the minimum he would begin to pay at \$5400.

SEN. DOHERTY said he would be interested in seeing a computer analysis on phasing out deductions at a lower level on the upper end.

Mr. Robinson said these computer run spreadsheets take a substantial amount of money and time to do. He said he could give the Committee some partial figures. In the upper range \$130,000 - \$200,000, reducing the high end figure to \$190,000 would garner \$161,000 per year, reducing to \$180,000 per year would garner \$338,000 per year, and reducing to \$170,000 would garner \$528,000 in additional collections per year.

SEN. TOWE asked what position the Governor would take on the phase-out reduction.

Mr. Robinson responded he would not mind doing some adjusting from the current proposal base to recoup any revenue loss in terms of EXHIBIT 1, Option 1, and the minimum standard. If the upper level is shifted down specifically, it produces too much revenue and requires percentage and exemption adjustments which cause more problems than they solve. The problem with Option 3 is not the revenue figures, but rather the people dropping off the tax base.

SEN. DOHERTY asked if there were any numbers that could be "tweaked" in order to keep the numbers on the tax rolls, but lower the upper level phase-out.

It appeared that proposal was hopelessly complicated.

REP. ELLIOTT asked if the administration could support SEN. GAGE's proposed amendments regarding two earned incomes per family.

Mr. Robinson said those amendments are included in the Governor's proposed amendments, EXHIBIT 1, as well as the half-rate indexing amendments.

REP. ELLIOTT asked if the administration would be amenable to phasing out the two earner deduction at the same rate as the standard deduction.

Mr. Robinson said that proposal would generate very little, if any, new revenue. The cost benefit does not make any sense. It would require another line on the tax return and he would oppose it.

REP. ELLIOTT asked, if the Committee agreed, if the administration would be willing to phase-out the deductions and the exemptions in either a narrower base or an earlier phase-out amount.

Mr. Robinson said he felt the administration would be willing to look at a narrower base in terms of the phase-out for the purpose of recouping the dollars that might be lost with the revenue neutrality. There is no interest in raising excess revenue.

SEN. TOWE asked if there would be any interest in Option 3 being funded through the necessary changes in the phase-out.

Mr. Robinson said it could be suggested, but the Governor has expressed some willingness to look at Option 1 as a movement on the minimum standard deduction.

REP. ELLIOTT asked what the Governor would think of the 40% standard deduction proposal.

Mr. Robinson said the impact will be determined by the computer run and the Governor can make a decision based on that information.

REP. ELLIOTT asked Mr. Robinson to be sure to include the federal offset in that computer run. He said he and SEN. TOWE are interested in seeing what sort of benefits accrue to the upper level taxpayers because of the federal offset. REP. GILBERT asked to have the Montana effective rates and the federal offset rates included.

Mr. Robinson said they would run the federal offset figures and try to make adjustments in the spreadsheet to include the effective rate figures.

SEN. TOWE asked if a run could be made of Option 3 paid for by the phase-out.

Mr. Robinson said he would do his best to include it, but reminded the Committee members that each of these runs is a main frame computer run and takes anywhere from 2 to 3 hours to complete.

THE MEETING WAS RECESSED AT 5:50 P.M. TO RECONVENE AT 10:00 A.M. THE FOLLOWING MORNING, THE 90TH DAY.

DUE TO THE TIME NEEDED TO RUN THE VARIOUS FIGURES REQUESTED BY THE COMMITTEE, OTHER CONFERENCE COMMITTEE MEETINGS, AND THE PRESSING NATURE OF LAST DAY OF SESSION ACTIVITY, THE COMMITTEE DID NOT FORMALLY RECONVENE UNTIL 4:20 P.M. APRIL 24.

THE CHAIRMAN CALLED THE MEETING BACK TO ORDER. ALL COMMITTEE MEMBERS WERE PRESENT.

REP. ELLIOTT reviewed the 40% standard deduction proposal, EXHIBIT 4, with the Committee members. He said it would drop 98,900 people off the tax rolls compared to 84,800 in the Governor's proposal and 107,000 in HB 671. He pointed out 43,000 of the 98,900 are already off the tax rolls. He noted that compared to HB 671, 8,000 taxpayers are added back to the tax rolls with the largest number of those being single filers. Based on the 6.7% figure, the 40% standard deduction proposal would raise \$8.7 million less in calendar year 1993 than HB 671 or the Governor's proposal. The House Democratic caucus wants to point out that SB 235 has passed both houses and will be on the ballot in June. He noted it passed with 28 Democratic votes.

REP. ELLIOTT said the leadership of both parties in the House met earlier in the session to explore various methods of raising revenue. By mutual decision it was decided that a surcharge was out of the question even though the Governor favored that approach. The final agreement resulted in HB 671 with standard deductions of \$5,000 for individuals, \$7500 for head of household, and \$10,000 for married couples. The rate was established at 7.3% for calendar years 1993 and 1994 and 7.4% for calendar year 1995. The bill passed out of the House Taxation Committee in that form.

Before the bill was heard in House Taxation, Rick Hill, representing the Governor, approached REP. ELLIOTT and wanted to negotiate various parts of the bill. At that time, negotiations had been going on for over a month and a half. Although, they had some interesting discussions regarding the bill, no agreement was reached. When HB 671 was heard in House Taxation, Mr. Hill appeared as a proponent and submitted proposed amendments which were not adopted as the bill passed out of Committee to the House floor. On the floor an amendment to obviate the tax on video gaming was passed. This is the amendment the Governor wanted and which Mr. Hill had negotiated with REP. ELLIOTT to no avail. The

bill then passed the House with the support of 26 Republicans and 25 Democrats and the Senate with no Republican votes at all. Now, two days before the end of the session the administration proposes even more restrictive amendments. The position of the House Democratic caucus is as follows:

1. The Montana Legislature has acquiesced in great part to what the Governor has proposed.

2. The Democrats have come a long way to accommodate the Governor's wishes.

3. The session is close to the end and the Democrats are very close to not accepting the Governor's amendments to HB 671.

4. If the Governor and the administration had come forward earlier in a spirit of true compromise this exercise on the 90th day would not have been necessary.

5. The House Democrats have compromised enough and it is now up to the administration and the Governor to begin to compromise.

6. House Democrats want a 40% deduction up to the maximum as outlined in **EXHIBIT 4** to be included in HB 671.

7. House Democrats agree with the \$2900 exemption and the proposal to raise the rate to compensate for the revenue loss in the 40% proposal versus HB 671. They would be amendable to phasing out the deduction in the exemptions for high income earners at a lower level to, in part, to recoup the revenue difference.

8. The Democrats believe that at the 40% standard deduction they have accommodated the majority of the Governor's concerns. More people have been brought back on the tax rolls. They would agree to the rate being raised to 6.8%.

If these proposals are not agreeable to the administration and the Governor, the Democrats will not vote for the bill with the Governor's amendments. They will not vote to increase taxes on working Montanans as outlined in HB 504.

SEN. DOHERTY asked how many people would be dropped off the tax rolls.

REP. ELLIOTT said 56,000 would drop off as opposed to 64,000 under current law.

SEN. TOWE asked about the fiscal impact of changing rates.

Mr. Robinson said \$20.68 million is lost over the biennium if the rate does not change. There would need to be a 6.9% rate to compensate for that loss.

Mr. Robinson said the Governor's amendment was not accepted on the floor of the House. HB 671 passed the House in the same form as it passed out the Taxation Committee. The 7.2% rate was the rate presented in the bill in Committee as a response to the Governor's concern about the 7.5% rate that was originally intended. There was a 30% phase-in factor included in the 7.2% proposal. The difference between HB 671 and the Governor's proposal was the reduction in the personal exemption and the removal of the minimum standard deduction. The 6.7% rate was adjusted to make the bill revenue neutral with HB 671.

The original 6.9% proposal presented by the Governor in House Taxation had two components. The 6.9% rate and the composition of the accompanying proposal was intended to raise \$76 million which was \$10 million in excess of the income tax proposal being worked on by the House. The Governor felt he must present an alternative to the House in recognition of the fact that he did not approve of the increase in the video gambling license tax. The 6.9% proposal represented a downward movement in the income tax and also raised the additional \$10 million to compensate for the loss of the video gambling license tax. The 6.7% rate is a downward adjustment to meet revenue neutrality.

The 6.9% proposal included a \$3,000 personal exemption and a 30% phase-in rate. The Governor has preferred a surcharge since the session began, but he was willing to accommodate the negative position of the House by moving into a type of permanent adjustment in the income tax system that maintained the same taxpayer curve as exists in current law. That adjustment was intended to impose no new tax burden on the low end taxpayer, but rather any increase was to be borne by the middle and upper income taxpayer. The movement by the Governor has been very significant, including the willingness to consider the minimum standard deduction which was proposed in the meetings yesterday.

A significant number, perhaps as many as 30,000, of the single taxpayers that are at the lower end of the scale are high school and college students who do not have families to support, but who are having to pay some taxes to the state at the 30% level. This proposal is a 40% phase-in with a drop in the minimum standard deduction.

Mr. Robinson said the Governor presented a 6.3% proposal which would have dropped 23,000 taxpayers off the rolls, but there seemed to be no interest in that rate by either the House or the Senate. Later in the week, the Governor presented his good faith offer on HB 671. Those proposed amendments to HB 671, EXHIBIT 1, were offered to provide some guidance on SB 235. Now that SB 235 has passed new demands are being made even though the Governor

has made significant movement in the tax rate and the Senate Republicans are not supporting the Governor's position and would still prefer a surcharge.

SEN. TOWE asked if Mr. Robinson had the information regarding the Option 3 proposal with a minimum standard deduction of \$2500 for single filers and the compensating phase-out.

Mr. Robinson replied said the moving the phase-out down from \$140,000 to \$100,000 would raise \$6.56 million over the biennium.

SEN. TOWE said he would be willing to accept the 40% figures rather than the minimum standard deduction. He said he hoped the Governor would be amenable to that proposal.

Mr. Robinson said he would like to hear what the other members of the Committee think of the proposal.

SEN. GROSFIELD said the 40% proposal had not been discussed in the Senate Republican caucus.

Mr. Robinson the Governor's first reaction to the 40% proposal was not positive.

SEN. DOHERTY asked REP. ELLIOTT why the 40% is preferable to the minimum standard deduction.

REP. ELLIOTT said there is no minimum standard deduction in either the Governor's 6.3% or 6.7% proposal. If the Governor does not want a minimum, the House Democrats will acquiesce, but they want the rate to be set at 40%. He said the Governor's 6.3% proposal raised taxes on every Montanan except those with an income of over \$150,000 per year. No one would have voted for that proposal as it had the same effect as a 10% surcharge. He said he does not believe a good faith effort consists of coming to the legislature at the last moment of the session with an ultimatum. The Governor's amendments are not a negotiating point, but rather a good faith effort according to Mr. Robinson. REP. ELLIOTT said he failed to see the similarity between non-negotiable demands and good faith bargaining efforts. In good faith bargaining there is room for motion. He said he hoped there is room for motion at this time. REP. ELLIOTT reviewed EXHIBIT 4, page 2, with the Committee members. He said the time has come to produce results. The 40% proposal presented by REP. ELLIOTT and the House Democratic caucus contains a 40% standard deduction up to the maximum, exemption of \$2900, and a rate of 6.8%. An alternative would be to change the rate by adjusting the phase-out at the bottom end or by narrowing the band.

Mr. Robinson said the loss in revenue is approximately \$20 million. In order to recoup, the rate would have to be adjusted to 6.9%. Narrowing the band to \$100,000 - \$140,000 in the phase-out would yield only \$6 million. Adjusting the phase-out will not compensate for the entire loss if the rate remains at 6.8%.

REP. GILBERT asked if the administration would accept or reject the Democratic proposal. He said the rate adjustment figures should be run so a determination can be made as to the 6.8% or 6.9% rate. It is time for yes or no answers and to cut to the heart of the matter and get some results.

SEN. DOHERTY said it is his intention and that of the Committee members that these negotiations are conducted in good faith. The House Democrats have presented their position clearly and it is important to work on that proposal in the caucuses and with the Governor and try to reach an accommodation with all the parties involved.

SEN. TOWE said that he would accept the 40% without the minimum standard deduction and use a combination of the personal deduction, the rates, and the phase-out to pay for it.

Mr. Robinson said he would like both parties to take the Option 3 proposal with \$2900 standard deduction to their respective caucuses for discussion.

REP. GILBERT said this is still a bipartisan bill and a bipartisan effort and the Governor needs to understand both sides have to be satisfied with the final decision.

THE MEETING WAS RECESSED UNTIL 6:00 P.M.

CHAIRMAN DOHERTY RECONVENED THE MEETING AT 9:20 P.M. ALL THE CONFEREES WERE PRESENT.

REP. ELLIOTT said an agreement, EXHIBIT 5, has been reached between the House, Senate, and the administration. The administration has accepted the 40% standard deduction and the 6.7% rate is acceptable to both parties. The standard deduction, the exemption, and the two earner household deduction will be phased out starting at \$100,000 of income and will phase completely out at \$180,000. This phase-out proposal will raise \$1.4 million. The exemption amount will be \$2710. The two technical amendments adjusting the Montana CPI and the definition of earned income have also been approved. The House Democrats are satisfied with the agreement.

REP. GILBERT asked if the CPI correction corrects the \$8 million error.

REP. ELLIOTT said it corrected that error and brings the revenue back to the original \$66 million.

REP. GILBERT said the House Republican caucus also accepts the proposal.

SEN. TOWE said he and SEN. DOHERTY both speak for their caucus and concur with the agreement.

SEN. GROSFIELD said there is still a lot of displeasure with the proposal in the Senate Republican Caucus and he cannot promise a large number of votes.

Motion/Vote:

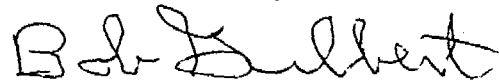
REP. ELLIOTT MOVED THE ADOPTION OF THE AMENDMENTS AS PER EXHIBIT 6. THE MOTION CARRIED UNANIMOUSLY.

SEN. TOWE, speaking on behalf of the entire Conference Committee, thanked Mr. Robinson, the administration, and Larry Finch for their extraordinarily thorough and speedy efforts in preparing information requested by the Committee. Hearty thanks and congratulations were exchanged by the Committee members and the representatives of the administration.

Adjournment: The meeting adjourned at 10:00 p.m.



SEN. STEVE DOHERTY, SEN. CHAIRMAN



REP. BOB GILBERT, HOUSE CHAIRMAN



JILL ROHYANS, SECRETARY

SD/BG:jdr

Amendments to House Bill No. 671
Reference Reading Copy

EXHIBIT 1
DATE 4/23/93
HB 671

For the Free Conference Committee

Prepared by Greg Petesch
April 23, 1993

1. Page 2, line 17.

Strike: "for Montana"

2. Page 2, line 22.

Strike: ", multiplied by 0.5"

3. Page 3, lines 20 and 21.

Following: "index" on line 20

Strike: remainder of line 20 through "Montana" on line 21

4. Page 3, line 22.

Strike: "for Montana"

Following: "1993"

Insert: ", then subtracting 1, then multiplying by 0.5, then
adding 1"

5. Page 6, line 13 through page 8, line 5.

Strike: section 2 in its entirety

Re-number: subsequent sections

6. Page 8, line 10.

Strike: "1994"

Insert: "1992"

7. Page 8, line 13.

Strike: "7.3%"

Insert: "6.7%"

8. Page 9, line 21.

Strike: "7.4%"

Insert: "6.7%"

9. Page 14, lines 9 and 10.

Following: "the" on line 9

Strike: remainder of line 9 through "salary" on line 10

Insert: "earned income"

10. Page 14, line 11.

Strike: "wages and salary"

Insert: "earned income"

11. Page 16, lines 14, 17, and 24.

Strike: "\$3,500"

Insert: "\$2,900"

12. Page 17, lines 4, 12, and 16.

Strike: "\$3,500"

Insert: "\$2,900"

13. Page 18, lines 10 and 15.

Strike: "\$3,500"

Insert: "\$2,900"

14. Page 19, line 21.

Strike: "10%"

Insert: "7%"

15. Page 19, line 22.

Strike: "\$150,000"

Insert: "\$130,000"

16. Page 21, line 23.

Strike: "LESS THAN"

Strike: "\$2,500 OR"

17. Page 22, line 3.

Strike: "LESS THAN \$4,000 OR"

18. Page 22, lines 8 and 9.

Following: "NOT" on line 8

Strike: remainder of line 8 through "OR" on line 9

19. Page 22, lines 15 and 16.

Following: "NOT" on line 15

Strike: remainder of line 15 through "OR" on line 16

20. Page 22, line 18.

Strike: "10%"

Insert: "7%"

21. Page 22, line 19.

Strike: "\$150,000"

Insert: "\$130,000"

22. Page 39, lines 20 and 22.

Strike: "9"

Insert: "8"

23. Page 40, lines 16 and 17.

Strike: "(1)" on line 16

Following: "This" on line 16

Strike: remainder of line 16 through "[THIS]" on line 17

Insert: "[This]"

24. Page 40, lines 20 through 24.

Strike: subsection (2) in its entirety

25. Page 40, line 25 through page 41, line 1.

Strike: section 25 in its entirety

April 22, 1993

MEMORANDUM

TO: Mick Robinson
Director

FROM: Larry Finch, Program Manager ^{LEP}
Office of Research and Information

RE: Impacts of Administration 6.7% Income Tax Proposal

Attached are spreadsheets detailing the impacts of the following income tax proposal:

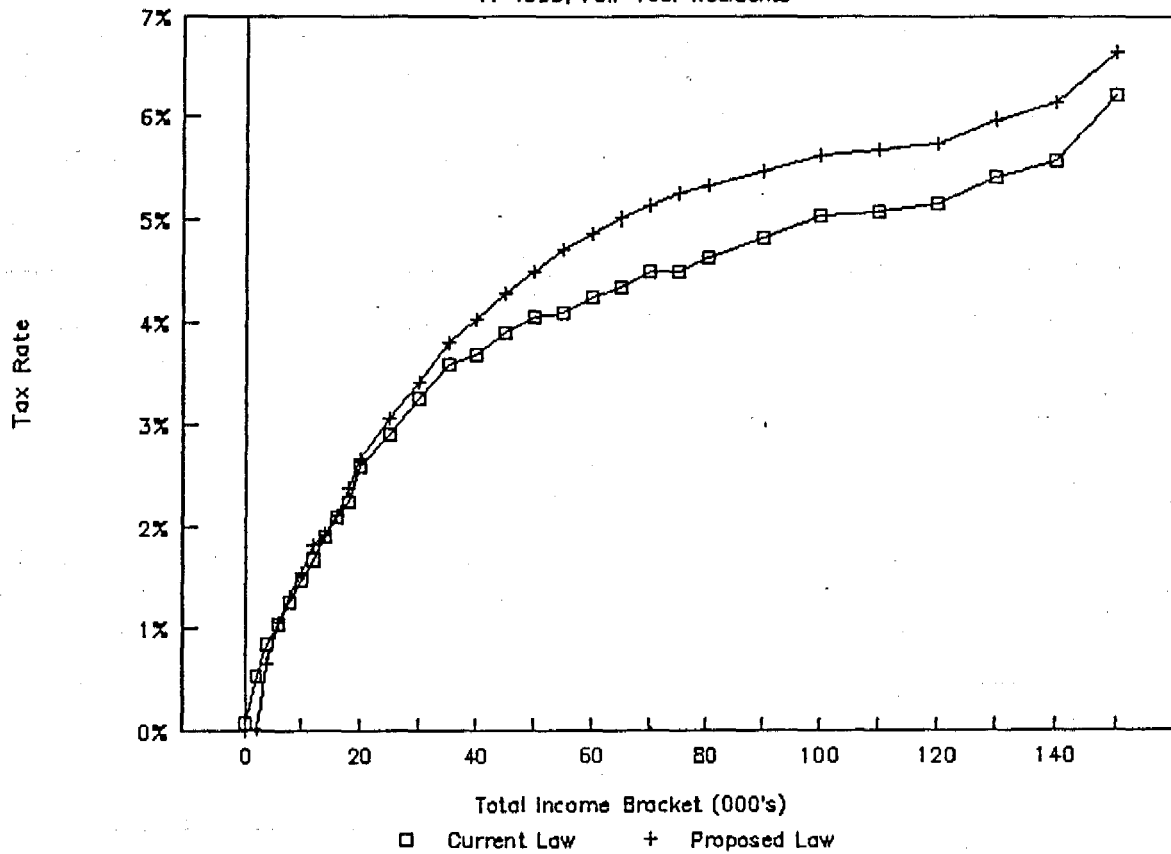
Exemption Level	\$ 2,900
Standard Deduction	
- Single Filers	30% of MAGI, \$ 5,000 Max
- Head of Household	30% of MAGI, \$ 7,500 Max
- Married Couples	30% of MAGI, \$10,000 Max
Phaseout Range:	\$130,000 - \$200,000 of FAGI
Retirement Exclusion:	Current Law
Two-Earner Deduction:	10% of "earned income"; \$3,000 Max
Tax Rate:	6.7%

This proposal is approximately revenue-neutral with HB671 in that it raises approximately \$66 million over the biennium, with indexing applied at half of the change in the national CPI.

As regards the number of households that drop off the income tax rolls, HB671 as passed by the House removed approximately 64,178 households from the tax roll. The proposal detailed above removes approximately 42,000 households from the income tax roll.

AVERAGE TAX RATES—6.7% RATE PROPOSAL

TY 1993, Full-Year Residents



4-23-93
HB-671

**Impact of Administration 6.7% Rate Proposal
Assumes Current Law 1993 Surtax is Repealed**

22-Apr-93

A. CURRENT LAW - HJR3.	1992	1993	1994	1995
Tax Year Liability, Before Surtax	287,948,629	301,689,753	318,945,476	337,375,284
Surtax Rate	2.30%	4.70%	0.00%	0.00%
Surtax Amount	6,622,818	14,179,418	0	0
Total Tax Year Liability	294,571,447	315,869,171	318,945,476	337,375,284
Fiscal Year Revenue, Before Adjustments		294,819,191	310,317,615	328,160,380
Surtax Adjustment		13,712,528	7,089,709	
Other Adjustments		43,407,000	11,536,000	11,536,000
Total Fiscal Year Revenue		351,938,719	328,943,324	339,696,380
Allocation to:				
- General Fund		221,017,515	195,721,278	202,119,346
- School Equalization		100,302,535	104,603,977	108,023,449
- Long-Range Building, Debt Service		30,618,669	28,618,069	29,553,585
Total Biennium Individual Income Tax				668,639,704

B. ADMINISTRATION 6.7% PROPOSAL	1992	1993	1994	1995
Tax Year Liability, Before Surtax	287,948,629	301,689,753	318,945,476	337,375,284
Increase in Liability Due To Proposal	0	27,898,041	32,786,761	38,703,319
Surtax Rate	2.30%	0.00%	0.00%	0.00%
Surtax Amount	6,622,818	0	0	0
Total Tax Year Liability	294,571,447	329,587,794	351,732,237	376,078,603
Fiscal Year Revenue, Before Adjustments		294,819,191	354,609,036	363,905,420
Surtax Adjustment		13,712,528	(7,089,710)	
Other Adjustments		43,407,000	11,536,000	11,536,000
Total Fiscal Year Revenue		351,938,719	359,055,326	375,441,420
Increase in Revenue, Fiscal Year		0	30,112,003	35,745,040
Allocation to:				
- General Fund		221,017,516	213,637,919	223,387,645
- School Equalization		100,302,535	114,179,594	119,390,372
- Long-Range Building, Debt Service		30,618,669	31,237,813	32,663,404
Total Biennium Individual Income Tax				734,496,746

Increase Over Biennium	65,857,043
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Administration 6.7% Income Tax Proposal -- All Households -- Calendar Year 1993

Income Bracket			Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Number of Gainers	Number of Losers	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	20,088	23,447,880	19,232	0	(19,232)	648	0	15,228	20,088	3.23%	0.00%	0.01%	0.00%	(1)
2,000 - 4,000	21,546	64,597,176	354,476	6,795	(347,682)	15,228	0	5,346	19,764	70.68%	0.00%	0.12%	0.00%	(16)
4,000 - 6,000	18,468	91,868,580	790,733	589,242	(191,490)	9,558	2,592	5,022	8,262	51.75%	14.04%	0.26%	0.18%	(10)
6,000 - 8,000	17,010	118,638,918	1,243,131	1,264,112	20,981	4,212	7,614	4,698	8,100	24.76%	44.76%	1.05%	0.39%	1
8,000 - 10,000	18,630	168,044,544	2,114,651	2,213,000	98,349	6,966	8,424	3,240	8,100	37.39%	45.22%	1.26%	0.68%	5
10,000 - 12,000	16,080	177,124,148	2,620,894	2,753,487	132,592	7,040	7,262	1,818	5,360	43.78%	45.16%	1.48%	0.84%	8
12,000 - 14,000	14,266	185,140,662	3,106,182	3,382,130	275,947	5,780	7,334	1,616	3,988	40.46%	51.34%	1.68%	1.03%	19
14,000 - 16,000	14,056	210,896,380	4,018,768	4,070,758	51,990	6,128	6,882	1,126	3,370	43.60%	48.96%	1.91%	1.24%	4
16,000 - 18,000	13,088	222,094,204	4,634,040	4,676,312	42,272	5,882	6,120	1,046	3,008	44.94%	46.76%	2.09%	1.43%	3
18,000 - 20,000	12,170	229,927,114	5,173,542	5,491,428	317,886	5,124	6,644	644	1,602	42.10%	54.59%	2.25%	1.72%	26
20,000 - 25,000	26,368	593,473,538	15,470,682	15,898,005	427,323	12,762	12,480	1,006	1,688	48.40%	47.33%	2.61%	2.58%	18
25,000 - 30,000	22,800	624,388,966	18,125,786	19,083,710	957,924	11,012	10,888	792	914	48.30%	47.75%	2.90%	3.06%	42
30,000 - 35,000	18,468	598,717,404	19,507,246	20,451,530	944,284	8,284	9,758	434	224	44.86%	52.84%	3.26%	3.42%	51
35,000 - 40,000	15,890	594,872,990	21,311,526	22,631,429	1,319,903	6,768	8,828	184	162	42.59%	55.56%	3.58%	3.80%	83
40,000 - 45,000	14,368	609,335,472	22,467,884	24,624,026	2,156,142	5,374	8,634	294	202	37.40%	60.09%	3.69%	4.04%	150
45,000 - 50,000	11,559	548,067,225	21,385,542	23,489,456	2,103,914	3,525	7,960	162	0	30.50%	68.86%	3.90%	4.29%	182
50,000 - 55,000	9,300	487,935,610	19,728,673	21,979,979	2,253,307	2,449	6,739	37	0	26.33%	72.46%	4.04%	4.50%	242
55,000 - 60,000	6,146	352,685,907	14,444,387	16,626,353	2,181,966	1,359	4,757	22	0	22.11%	77.40%	4.10%	4.71%	355
60,000 - 65,000	5,178	322,605,008	13,681,746	15,691,379	2,009,634	1,005	4,173	0	0	19.41%	80.59%	4.24%	4.88%	388
65,000 - 70,000	3,508	236,497,873	10,265,345	11,854,051	1,588,705	633	2,864	44	0	18.04%	81.64%	4.34%	5.01%	453
70,000 - 75,000	2,516	182,095,246	8,192,697	9,352,138	1,159,441	496	2,012	4	0	19.71%	79.97%	4.50%	5.14%	461
75,000 - 80,000	1,862	143,952,442	6,471,111	7,582,516	1,091,405	338	1,516	0	0	18.15%	81.42%	4.50%	5.25%	586
80,000 - 90,000	2,496	210,822,610	9,788,614	11,242,972	1,454,358	550	1,934	5	0	22.04%	77.48%	4.64%	5.33%	583
90,000 - 100,000	1,579	149,339,708	7,216,387	8,167,444	951,058	346	1,225	5	0	21.81%	77.58%	4.83%	5.47%	602
100,000 - 110,000	1,045	109,524,438	5,516,416	6,148,973	632,556	265	777	1	0	25.36%	74.35%	5.04%	5.61%	605
110,000 - 120,000	765	87,782,390	4,462,671	4,982,771	520,099	215	546	2	0	28.10%	71.37%	5.08%	5.68%	680
120,000 - 130,000	613	76,534,589	3,954,002	4,386,566	432,564	173	437	4	0	28.22%	71.29%	5.17%	5.73%	706
130,000 - 140,000	449	60,543,348	3,274,359	3,620,731	346,372	129	319	1	0	28.73%	71.05%	5.41%	5.98%	771
140,000 - 150,000	366	52,931,376	2,943,886	3,253,818	309,932	103	262	2	0	28.14%	71.58%	5.56%	6.15%	847
150,000 - & Above	2,526	785,647,268	48,882,946	52,230,006	3,347,060	724	1,796	31	0	28.66%	71.10%	6.22%	6.65%	1,325
TOTALS	313,224	8,319,533,014	301,165,555	327,735,117	26,569,560	123,076	140,777	42,814	84,832	39.29%	44.94%	3.62%	3.94%	85

Decile Group			Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Number of Gainers	Number of Losers	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
1	31,590	52,974,162	164,224	0	(164,224)	9,072	0	17,820	31,590	28.72%	0.00%	0.05%	0.00%	(5)
2	30,942	142,008,876	1,173,220	771,038	(402,182)	17,172	3,888	8,100	17,496	55.50%	12.57%	0.39%	0.24%	(13)
3	31,428	253,979,388	2,952,750	3,098,493	145,743	9,396	14,094	7,452	14,580	29.90%	44.85%	0.98%	0.95%	5
4	31,386	369,274,730	5,857,429	6,217,188	359,759	13,552	14,924	3,314	9,634	43.18%	47.55%	1.59%	1.68%	11
5	31,308	505,573,432	10,175,881	10,417,068	241,186	13,652	15,242	2,494	7,140	43.61%	48.68%	2.01%	2.06%	8
6	31,376	668,710,916	16,669,766	17,189,053	519,287	14,444	15,524	1,570	2,890	46.04%	49.48%	2.49%	2.57%	17
7	31,444	866,668,314	25,576,234	26,969,962	1,393,728	15,288	15,150	854	914	48.62%	48.18%	2.95%	3.11%	44
8	31,256	1,115,832,074	38,512,249	40,751,670	2,239,421	13,454	17,148	596	386	43.04%	54.86%	3.45%	3.65%	72
9	31,348	1,459,458,992	56,260,101	61,864,558	5,604,457	10,224	20,623	493	202	32.61%	65.79%	3.85%	4.24%	179
10	31,146	2,885,052,130	143,823,703	160,456,087	16,632,384	6,822	24,184	121	0	21.90%	77.65%	4.99%	48.96%	534
10A	10,603	610,569,511	25,190,709	28,851,259	3,660,550	2,340	8,188	22	0	22.07%	77.22%	4.13%	4.73%	345
10B	10,216	702,702,414	30,827,143	35,532,134	4,704,991	1,881	8,310	48	0	18.41%	81.34%	4.39%	5.06%	461
10C	10,327	1,571,780,205	87,805,851	96,072,694	8,266,843	2,601	7,688	51	0	25.19%	74.43%	5.59%	5.11%	801
TOTAL	313,224	8,319,533,014	301,165,557	327,735,117	26,569,559	123,076	140,777	42,814	84,832	39.29%	44.94%	3.62%	3.94%	85

Administration 6.7% Income Tax Proposal -- Single Filers -- Calendar Year 1993

Income Bracket			Current to Proposed Law			No Tax Liability			Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	17,820	21,031,328	13,435	0	(13,435)	486	0	17,334	13,122	17,820	2.73%	0.00%	0.00%	0.00%	(1)
2,000 - 4,000	17,658	52,053,030	329,813	5,746	(323,866)	14,256	0	3,402	2,754	16,200	80.73%	0.00%	0.11%	0.00%	(18)
4,000 - 6,000	14,580	72,053,388	721,663	562,658	(159,005)	8,100	2,268	4,212	2,916	4,860	55.56%	15.56%	1.00%	0.78%	(11)
6,000 - 8,000	11,016	77,302,836	1,066,233	1,197,063	130,831	1,782	7,128	2,106	1,782	2,754	16.18%	64.71%	1.38%	1.55%	12
8,000 - 10,000	10,368	93,268,584	1,582,357	1,976,750	393,893	1,458	8,100	810	810	2,106	14.06%	78.13%	1.70%	2.12%	38
10,000 - 12,000	9,164	100,614,730	1,895,937	2,345,999	450,062	2,180	6,742	242	444	890	23.79%	73.57%	1.88%	2.33%	49
12,000 - 14,000	7,420	95,680,432	2,060,635	2,600,683	540,048	1,126	6,132	162	606	324	15.18%	82.64%	2.15%	2.72%	73
14,000 - 16,000	6,244	93,453,242	2,455,735	2,842,558	386,822	1,002	5,082	160	160	160	16.05%	81.39%	2.63%	3.04%	62
16,000 - 18,000	4,962	83,895,316	2,420,400	2,896,018	475,619	480	4,320	162	242	162	9.67%	87.06%	2.89%	3.45%	96
18,000 - 20,000	5,244	98,986,964	3,072,463	3,832,403	559,939	440	4,642	162	242	0	8.39%	88.52%	3.10%	3.67%	107
20,000 - 25,000	8,764	196,727,380	6,950,163	8,224,046	1,273,882	1,040	7,160	564	444	324	11.87%	81.70%	3.53%	4.18%	145
25,000 - 30,000	5,846	159,936,414	6,170,345	7,649,798	1,479,453	1,088	4,718	40	84	0	18.61%	80.70%	3.86%	4.78%	253
30,000 - 35,000	3,982	128,273,950	5,072,959	6,462,736	1,389,777	484	3,314	184	228	162	12.15%	83.22%	3.95%	5.04%	349
35,000 - 40,000	2,424	89,719,992	3,710,592	4,603,917	893,325	264	1,998	162	184	162	10.89%	82.43%	4.14%	5.13%	369
40,000 - 45,000	1,474	62,590,352	2,787,470	3,468,778	681,308	220	1,254	0	0	0	14.93%	85.07%	4.45%	5.54%	462
45,000 - 50,000	775	36,656,444	1,710,021	2,090,883	380,861	52	701	22	0	0	6.71%	90.45%	4.66%	5.70%	491
50,000 - 55,000	728	38,020,259	1,912,916	2,194,658	281,742	172	539	15	15	0	23.69%	74.24%	5.03%	5.77%	388
55,000 - 60,000	352	20,225,517	987,665	1,164,928	177,263	30	322	0	0	0	8.52%	91.48%	4.88%	5.76%	504
60,000 - 65,000	255	15,915,405	716,024	887,851	171,827	0	255	0	0	0	0.00%	100.00%	4.50%	5.58%	674
65,000 - 70,000	202	13,627,910	742,990	831,278	88,289	32	169	1	1	0	15.84%	83.66%	5.45%	6.10%	437
70,000 - 75,000	167	12,185,033	588,696	728,506	139,810	18	148	1	0	0	10.78%	88.62%	4.83%	5.98%	837
75,000 - 80,000	104	8,038,073	439,894	500,253	60,359	20	83	1	0	0	19.23%	79.81%	5.47%	6.22%	580
80,000 - 90,000	210	17,874,522	875,857	1,002,018	126,161	60	150	0	1	0	28.57%	71.43%	4.90%	5.81%	601
90,000 - 100,000	119	11,312,956	592,312	690,605	98,293	34	84	1	2	0	28.57%	70.59%	5.24%	6.10%	826
100,000 - 110,000	91	9,474,811	504,913	577,198	72,285	23	68	0	0	0	25.27%	74.73%	5.33%	6.09%	794
110,000 - 120,000	47	5,373,821	295,021	323,457	28,436	15	31	1	0	0	31.91%	65.96%	5.49%	6.02%	605
120,000 - 130,000	54	6,744,153	373,318	415,139	41,821	11	43	0	0	0	20.37%	79.63%	5.54%	6.16%	774
130,000 - 140,000	48	6,485,579	347,704	395,398	47,694	19	29	0	1	0	39.58%	60.42%	5.36%	6.10%	994
140,000 - 150,000	34	4,920,355	268,986	317,609	48,623	10	23	1	2	0	29.41%	67.65%	5.47%	6.46%	1,430
150,000 - & Above	259	77,253,501	4,532,064	4,865,327	333,263	104	155	0	25	0	40.15%	59.85%	5.87%	6.30%	1,287
TOTALS	130,409	1,709,696,275	55,198,881	65,454,261	10,255,380	35,006	65,658	29,745	24,065	45,924	26.84%	50.35%	3.23%	3.81%	79

Decile Group			Current to Proposed Law			No Tax Liability			Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
1	27,702	46,280,322	152,881	0	(152,881)	8,586	0	19,116	14,580	27,702	30.99%	0.00%	0.05%	0.00%	(6)
2	23,976	108,910,980	1,054,536	715,910	(338,626)	14,580	3,402	5,994	4,374	11,502	60.81%	14.19%	0.35%	0.22%	(14)
3	19,116	154,126,800	2,384,619	2,871,113	486,494	2,916	13,446	2,754	2,430	4,536	15.25%	70.34%	0.79%	0.88%	25
4	17,032	199,893,664	4,031,514	5,030,429	998,914	3,306	13,322	404	1,010	1,214	19.41%	78.22%	2.02%	1.53%	59
5	12,968	208,607,518	5,889,262	6,949,900	1,060,637	1,602	11,042	322	442	322	12.36%	85.16%	2.82%	3.33%	82
6	11,248	237,635,104	7,912,995	9,351,421	1,438,426	1,080	9,442	726	646	324	9.60%	83.94%	3.33%	3.94%	128
7	8,208	225,101,886	8,707,915	10,828,605	2,120,690	1,478	6,690	40	146	0	18.01%	81.51%	2.89%	3.30%	258
8	5,420	189,555,054	7,696,026	9,650,027	1,954,001	660	4,414	346	390	324	12.18%	81.44%	4.06%	5.09%	361
9	2,642	121,629,339	5,718,384	6,898,848	1,180,465	355	2,250	37	15	0	13.44%	85.16%	4.70%	5.67%	447
10	2,099	217,955,608	11,650,749	13,158,008	1,507,258	443	1,650	6	32	0	21.11%	78.61%	5.35%	6.04%	718
10A	614	35,132,424	1,635,863	1,975,704	339,841	97	517	0	0	0	15.80%	84.20%	4.66%	5.62%	553
10B	600	41,560,755	2,122,184	2,482,387	360,202	65	532	3	0	0	10.83%	88.67%	5.11%	5.76%	600
10C	885	141,262,429	7,892,702	8,699,917	807,215	281	601	3	31	0	31.75%	67.91%	5.59%	6.16%	912
TOTAL	130,409	1,709,696,275	55,198,881	65,454,261	10,255,380	35,006	65,658	29,745	24,065	45,924	26.84%	50.35%	3.23%	3.83%	79

Administration 6.7% Income Tax Proposal -- Head of Household -- Calendar Year 1993

Income Bracket			Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Number of Gainers	Number of Losers	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	810	1,142,262	0	0	0	0	0	810	810	0.00%	0.00%	0.00%	0.00%	0
2,000 - 4,000	648	1,863,000	2,824	0	(2,824)	162	0	486	648	25.00%	0.00%	0.00%	0.00%	(4)
4,000 - 6,000	1,296	6,445,656	26,323	0	(26,323)	972	0	324	1,296	75.00%	0.00%	0.01%	0.00%	(20)
6,000 - 8,000	1,620	10,967,724	105,603	65,900	(39,704)	810	486	324	1,134	50.00%	30.00%	0.06%	0.02%	(25)
8,000 - 10,000	2,268	20,604,132	263,259	106,289	(156,970)	2,106	0	162	1,134	92.86%	0.00%	0.09%	0.03%	(69)
10,000 - 12,000	1,968	21,936,924	323,164	186,248	(136,916)	1,848	80	40	604	93.90%	4.07%	0.11%	0.06%	(70)
12,000 - 14,000	1,080	14,259,800	293,015	271,005	(22,010)	840	240	0	80	77.78%	22.22%	0.10%	0.08%	(20)
14,000 - 16,000	1,280	18,885,280	386,026	358,746	(27,280)	800	480	0	120	62.50%	37.50%	0.13%	0.11%	(21)
16,000 - 18,000	1,440	24,544,320	628,251	621,905	(6,346)	1,040	360	40	0	72.22%	25.00%	0.21%	0.19%	(4)
18,000 - 20,000	920	17,549,520	401,048	425,868	24,820	600	320	0	0	65.22%	34.78%	0.13%	0.13%	27
20,000 - 25,000	2,442	54,447,344	1,526,784	1,510,556	(16,227)	1,560	680	202	202	63.88%	27.85%	0.51%	0.46%	(7)
25,000 - 30,000	1,766	47,950,898	1,605,144	1,589,200	(15,944)	1,022	582	162	162	57.87%	32.96%	0.53%	0.48%	(9)
30,000 - 35,000	836	26,523,750	1,104,291	1,091,980	(12,311)	462	374	0	0	55.28%	44.74%	0.37%	0.33%	(15)
35,000 - 40,000	638	23,833,678	1,094,399	1,103,742	9,343	330	308	0	0	51.72%	48.28%	0.36%	0.34%	15
40,000 - 45,000	330	13,850,892	634,774	681,796	47,022	88	242	0	0	26.67%	73.33%	0.21%	0.21%	142
45,000 - 50,000	284	13,372,342	648,797	683,559	34,762	105	179	0	0	36.97%	63.03%	0.22%	0.21%	122
50,000 - 55,000	97	5,121,065	242,041	258,046	16,005	30	67	0	0	30.93%	69.07%	0.06%	0.06%	165
55,000 - 60,000	45	2,553,240	139,510	145,753	6,243	15	30	0	0	33.33%	66.67%	0.05%	0.04%	139
60,000 - 65,000	37	2,324,380	39,878	70,444	30,566	0	37	0	0	0.00%	100.00%	0.01%	0.02%	826
65,000 - 70,000	35	2,343,941	107,300	125,750	18,450	5	30	0	0	14.29%	85.71%	0.04%	0.04%	527
70,000 - 75,000	22	1,590,275	92,176	94,444	2,268	10	12	0	0	45.45%	54.55%	0.03%	0.03%	103
75,000 - 80,000	12	929,519	46,166	55,035	8,869	2	10	0	0	16.67%	83.33%	0.02%	0.02%	739
80,000 - 90,000	38	3,208,712	187,408	189,489	2,080	18	20	0	1	47.37%	52.63%	0.06%	0.06%	55
90,000 - 100,000	21	1,963,182	109,681	116,175	6,494	7	13	1	0	33.33%	61.90%	0.04%	0.04%	309
100,000 - 110,000	18	1,876,762	109,570	112,890	3,320	8	10	0	0	44.44%	55.56%	0.04%	0.03%	184
110,000 - 120,000	16	1,822,921	98,859	110,933	12,074	6	10	0	0	37.50%	62.50%	0.03%	0.03%	755
120,000 - 130,000	12	1,495,032	80,912	84,469	3,557	6	6	0	0	50.00%	50.00%	0.03%	0.03%	296
130,000 - 140,000	10	1,335,747	76,011	77,657	1,646	4	6	0	0	40.00%	60.00%	0.03%	0.02%	165
140,000 - 150,000	8	1,155,294	63,713	70,500	6,788	3	5	0	0	37.50%	62.50%	0.02%	0.02%	848
150,000 - & Above	52	19,876,499	1,419,446	1,381,071	(38,375)	23	29	0	0	44.23%	55.77%	0.47%	0.42%	(738)
TOTALS	20,049	365,574,091	11,856,373	11,589,450	(266,923)	12,882	4,616	2,551	6,190	64.25%	23.02%	3.24%	3.17%	(13)

Decile Group			Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Number of Gainers	Number of Losers	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
1	1,296	2,389,824	2,824	0	(2,824)	162	0	1,134	1,134	12.50%	0.00%	0.00%	0.00%	(2)
2	1,782	9,074,430	52,329	17,495	(34,834)	1,134	162	486	1,620	63.64%	9.09%	0.02%	0.01%	(20)
3	3,078	24,744,204	261,453	113,778	(147,675)	2,268	324	486	1,944	73.68%	10.53%	0.09%	0.03%	(48)
4	3,374	38,776,600	657,560	448,577	(208,983)	3,094	240	40	846	91.70%	7.11%	0.22%	0.14%	(62)
5	3,120	50,048,880	1,152,506	1,125,440	(27,066)	2,080	1,000	40	120	66.67%	32.05%	0.38%	0.34%	(9)
6	2,642	55,766,824	1,462,892	1,487,377	24,485	1,640	800	202	202	62.07%	30.28%	0.49%	0.45%	9
7	2,708	73,967,816	2,529,998	2,502,124	(27,874)	1,646	900	162	162	60.78%	33.23%	0.84%	0.76%	(10)
8	1,078	38,846,610	1,768,859	1,768,019	(841)	572	506	0	0	53.06%	46.94%	0.59%	0.54%	(1)
9	600	27,232,174	1,275,703	1,363,694	87,991	164	436	0	0	27.33%	72.67%	0.42%	0.42%	147
10	371	44,726,729	2,692,251	2,762,948	70,697	122	248	1	0	32.88%	66.85%	0.89%	0.84%	191
10A	90	5,004,465	261,130	274,089	12,959	30	60	0	0	33.33%	66.67%	0.09%	0.08%	144
10B	102	6,870,550	268,699	326,168	57,469	17	85	0	0	16.67%	83.33%	0.09%	0.10%	563
10C	179	32,851,714	2,162,422	2,162,691	269	75	103	1	0	41.90%	57.54%	0.72%	0.66%	2
TOTAL	20,049	365,574,091	11,856,375	11,589,452	(266,924)	12,882	4,616	2,551	6,190	64.25%	23.02%	3.24%	3.17%	(13)

Administration 6.7% Income Tax Proposal -- Married Filing Joint -- Calendar Year 1993

Income Bracket			Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Number of Gainers	Number of Losers	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	1,296	1,120,554	5,797	0	(5,797)	162	0	1,134	1,296	12.50%	0.00%	0.00%	0.00%	(4)
2,000 - 4,000	2,430	8,143,092	6,006	0	(6,006)	324	0	1,944	2,430	13.33%	0.00%	0.00%	0.00%	(2)
4,000 - 6,000	2,106	10,838,504	4,139	0	(4,139)	324	0	1,782	2,106	15.38%	0.00%	0.00%	0.00%	(2)
6,000 - 8,000	4,050	28,115,586	55,778	1,149	(54,628)	1,296	0	2,592	3,888	32.00%	0.00%	0.02%	0.00%	(13)
8,000 - 10,000	5,346	48,723,768	212,277	77,996	(134,282)	3,240	162	2,106	4,536	60.61%	3.03%	0.07%	0.02%	(25)
10,000 - 12,000	3,742	41,247,504	275,699	97,124	(178,575)	2,652	120	848	3,100	70.87%	3.21%	0.09%	0.03%	(48)
12,000 - 14,000	4,218	54,774,940	478,191	261,068	(217,123)	2,928	360	930	2,858	69.42%	8.53%	0.07%	0.08%	(51)
14,000 - 16,000	4,650	70,218,954	748,092	491,667	(256,425)	3,124	680	886	2,490	67.18%	14.62%	0.25%	0.15%	(55)
16,000 - 18,000	4,366	74,162,968	899,166	535,162	(364,004)	3,042	560	764	2,286	69.67%	12.83%	0.30%	0.16%	(83)
18,000 - 20,000	3,764	71,050,094	1,066,295	834,055	(232,241)	2,682	842	362	1,082	71.25%	22.37%	0.35%	0.25%	(62)
20,000 - 25,000	8,002	160,188,854	3,849,484	3,190,261	(659,203)	6,002	1,800	400	722	75.01%	22.49%	1.28%	0.97%	(82)
25,000 - 30,000	6,978	190,040,060	4,883,913	4,368,154	(515,758)	4,390	2,062	546	672	62.91%	29.55%	1.62%	1.33%	(74)
30,000 - 35,000	5,156	166,941,352	5,458,615	4,713,323	(745,291)	3,614	1,520	206	0	70.09%	29.48%	1.81%	1.44%	(145)
35,000 - 40,000	4,062	151,787,576	6,071,257	5,368,032	(703,225)	2,966	1,052	0	0	73.02%	25.90%	2.02%	1.64%	(173)
40,000 - 45,000	3,772	160,011,478	6,320,551	5,839,505	(481,046)	2,558	986	272	202	67.82%	26.14%	3.95%	1.78%	(128)
45,000 - 50,000	2,418	114,576,618	5,090,411	4,502,450	(587,961)	1,674	744	162	0	69.23%	30.77%	1.69%	1.37%	(243)
50,000 - 55,000	1,362	71,450,209	3,445,752	3,311,236	(134,516)	876	419	0	0	64.32%	30.76%	1.14%	1.01%	(99)
55,000 - 60,000	1,133	65,027,491	3,014,826	2,891,832	(122,995)	677	441	22	0	59.75%	38.92%	1.00%	0.88%	(108)
60,000 - 65,000	922	57,482,777	2,941,557	2,838,782	(102,795)	630	292	0	0	68.33%	31.67%	0.98%	0.87%	(111)
65,000 - 70,000	724	48,712,101	2,224,128	2,325,553	101,425	349	374	41	0	48.20%	51.66%	0.74%	0.71%	140
70,000 - 75,000	401	28,981,403	1,506,776	1,518,438	11,662	217	183	4	0	54.11%	45.64%	0.50%	0.46%	29
75,000 - 80,000	344	26,539,823	1,335,991	1,397,547	61,557	180	159	0	0	52.33%	46.22%	0.44%	0.43%	179
80,000 - 90,000	458	38,660,560	1,973,180	2,085,961	112,781	227	227	2	0	49.56%	49.56%	0.66%	0.64%	246
90,000 - 100,000	329	31,049,157	1,613,944	1,646,555	32,611	155	173	3	0	47.11%	52.58%	0.54%	0.50%	99
100,000 - 110,000	227	23,773,286	1,359,992	1,350,073	(9,920)	130	97	1	0	57.27%	42.73%	0.45%	0.41%	44
110,000 - 120,000	180	20,687,042	1,163,117	1,217,074	53,958	86	94	2	0	47.78%	52.22%	0.39%	0.37%	300
120,000 - 130,000	136	16,917,649	960,928	997,669	36,741	78	58	4	0	57.35%	42.65%	0.32%	0.30%	270
130,000 - 140,000	109	14,705,403	864,880	909,526	44,646	50	59	0	0	45.87%	54.13%	0.28%	0.28%	410
140,000 - 150,000	96	13,894,934	847,701	869,318	21,617	41	55	0	0	42.71%	57.29%	0.28%	0.27%	225
150,000 - & Above	601	166,573,104	10,617,410	11,363,826	746,416	236	364	4	0	39.27%	60.57%	6.37%	6.82%	1,242
TOTALS	73,378	1,996,394,841	69,285,714	65,013,236	(4,272,478)	44,910	13,883	15,017	27,668	61.20%	18.92%	3.47%	3.26%	(58)

Decile Group			Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Number of Gainers	Number of Losers	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
1	1,944	2,658,328	5,797	0	(5,797)	162	0	1,782	1,944	8.33%	0.00%	0.00%	0.00%	(3)
2	4,374	20,244,330	14,436	0	(14,436)	972	0	3,240	4,374	22.22%	0.00%	0.00%	0.00%	(3)
3	8,262	67,407,552	234,904	61,637	(173,267)	3,726	182	4,374	7,452	45.10%	1.96%	0.08%	0.02%	(21)
4	8,206	96,853,986	767,919	364,694	(403,226)	5,906	440	1,738	6,082	71.97%	5.36%	0.25%	0.11%	(49)
5	10,418	168,180,954	1,900,707	1,241,985	(658,722)	7,046	1,480	1,892	5,458	67.63%	14.21%	0.63%	0.38%	(63)
6	9,846	210,348,708	4,116,130	3,378,794	(737,336)	7,164	2,322	722	1,484	72.76%	23.58%	1.96%	1.03%	(75)
7	9,304	255,753,306	6,771,010	6,041,285	(729,725)	6,022	2,756	546	672	64.72%	29.62%	2.65%	1.84%	(78)
8	8,186	290,772,926	10,816,572	9,398,116	(1,418,456)	6,012	2,108	206	0	73.44%	25.75%	3.72%	2.87%	(173)
9	6,819	311,444,611	13,324,197	12,169,832	(1,154,365)	4,650	1,904	434	202	68.19%	27.92%	4.28%	3.71%	(169)
10	6,019	572,530,140	31,332,039	32,356,893	1,024,854	3,250	2,711	83	0	54.00%	45.04%	10.40%	9.87%	170
10A	1,904	109,610,733	5,243,208	5,062,432	(180,776)	1,201	658	22	0	63.08%	34.56%	1.74%	1.54%	(95)
10B	1,906	130,875,541	6,377,706	6,528,814	151,108	997	903	45	0	52.31%	47.38%	2.12%	1.99%	79
10C	2,209	332,043,886	19,711,125	20,765,647	1,054,522	1,052	1,150	16	0	47.62%	52.06%	5.94%	6.34%	477
TOTAL	73,378	1,996,394,841	69,285,711	65,013,236	(4,272,475)	44,910	13,883	15,017	27,668	61.20%	18.92%	3.47%	3.26%	(58)

Administration 6.7% Income Tax Proposal -- Married Filing Separate -- Calendar Year 1993

Income Bracket						Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	162	153,738	0	0	0	0	0	162	162	162	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
2,000 - 4,000	810	2,538,054	16,033	1,048	(14,985)	486	0	324	162	486	60.00%	0.00%	0.63%	0.04%	0.01%	0.00%	(19)
4,000 - 6,000	486	2,533,032	38,607	36,584	(2,023)	162	324	0	0	0	33.33%	66.67%	1.52%	1.44%	0.01%	0.01%	(4)
6,000 - 8,000	324	2,252,772	15,518	0	(15,518)	324	0	0	0	324	100.00%	0.00%	0.69%	0.00%	0.01%	0.00%	(48)
8,000 - 10,000	648	5,448,060	56,257	51,965	(4,292)	162	162	324	162	324	25.00%	25.00%	1.03%	0.95%	0.02%	0.02%	(7)
10,000 - 12,000	1,206	13,324,990	126,094	124,115	(1,979)	360	320	526	486	768	29.85%	26.53%	0.95%	0.93%	0.04%	0.04%	(2)
12,000 - 14,000	1,568	20,425,490	274,342	249,374	(24,968)	886	602	80	40	726	56.51%	38.39%	1.34%	1.22%	0.09%	0.08%	(16)
14,000 - 16,000	1,882	28,338,904	428,914	377,788	(51,127)	1,202	640	40	80	600	63.87%	34.01%	1.51%	1.33%	0.14%	0.12%	(27)
16,000 - 18,000	2,320	39,491,600	686,223	623,226	(62,997)	1,320	880	120	40	560	56.90%	37.93%	1.74%	1.58%	0.23%	0.19%	(27)
18,000 - 20,000	2,242	42,340,536	633,735	599,102	(34,633)	1,402	840	0	40	520	62.53%	37.47%	1.50%	1.41%	0.21%	0.18%	(15)
20,000 - 25,000	7,160	162,109,960	3,144,271	2,973,142	(171,129)	4,160	2,840	160	0	440	58.10%	39.68%	1.94%	1.83%	1.04%	0.91%	(24)
25,000 - 30,000	8,210	226,461,594	5,466,384	5,476,558	10,174	4,512	3,526	172	0	80	54.96%	42.95%	2.41%	2.42%	1.82%	1.67%	1
30,000 - 35,000	8,494	276,978,352	7,871,380	8,183,490	312,110	3,724	4,550	220	0	62	43.84%	53.57%	2.84%	2.95%	2.61%	2.50%	37
35,000 - 40,000	8,766	329,531,744	10,435,278	11,565,738	1,120,460	3,208	5,470	88	0	0	36.60%	62.40%	3.17%	3.51%	3.46%	3.53%	128
40,000 - 45,000	8,792	372,882,750	12,725,089	14,633,947	1,908,858	2,508	6,152	132	22	0	28.53%	69.97%	3.41%	3.92%	4.23%	4.47%	217
45,000 - 50,000	8,082	383,461,821	13,936,313	16,212,564	2,276,251	1,694	6,336	52	0	0	20.96%	78.40%	3.63%	4.23%	4.63%	4.96%	282
50,000 - 55,000	7,115	373,344,077	14,125,964	16,216,040	2,090,076	1,371	5,714	30	22	0	19.27%	80.31%	3.78%	4.34%	4.69%	4.95%	294
55,000 - 60,000	4,616	264,879,659	10,302,586	12,423,840	2,121,254	637	3,964	15	0	0	13.80%	85.88%	3.89%	4.69%	3.42%	3.79%	460
60,000 - 65,000	3,964	246,882,446	9,984,286	11,894,322	1,910,036	375	3,589	0	0	0	9.46%	90.54%	4.04%	4.82%	3.32%	3.63%	482
65,000 - 70,000	2,547	171,813,921	7,190,928	8,571,470	1,380,541	247	2,291	9	2	0	9.70%	89.95%	4.19%	4.99%	2.39%	2.62%	542
70,000 - 75,000	1,926	139,338,535	6,005,049	7,010,750	1,005,701	251	1,669	6	0	0	13.03%	86.68%	4.31%	5.03%	1.99%	2.14%	522
75,000 - 80,000	1,402	108,445,027	4,649,060	5,609,680	960,620	136	1,264	2	0	0	9.70%	90.16%	4.29%	5.17%	1.54%	1.71%	685
80,000 - 90,000	1,790	151,078,816	6,752,169	7,965,504	1,213,336	245	1,537	8	1	0	13.69%	85.87%	4.47%	5.27%	2.24%	2.43%	678
90,000 - 100,000	1,110	105,014,413	4,900,449	5,714,109	813,661	150	955	5	0	0	13.51%	86.04%	4.67%	5.44%	1.63%	1.74%	733
100,000 - 110,000	709	74,399,579	3,551,860	4,098,892	547,032	104	602	3	0	0	14.67%	84.91%	4.77%	5.51%	1.18%	1.25%	772
110,000 - 120,000	522	59,898,606	2,905,675	3,331,307	425,632	108	411	3	0	0	20.69%	78.74%	4.85%	5.56%	0.96%	1.02%	815
120,000 - 130,000	411	51,377,755	2,538,844	2,889,290	350,446	78	330	3	0	0	18.98%	80.29%	4.94%	5.62%	0.84%	0.88%	853
130,000 - 140,000	282	38,016,619	1,985,764	2,238,150	252,385	56	225	1	0	0	19.86%	79.79%	5.22%	5.89%	0.66%	0.68%	895
140,000 - 150,000	228	32,960,793	1,763,487	1,996,391	232,904	49	179	0	0	0	21.49%	78.51%	5.35%	6.06%	0.59%	0.61%	1,022
150,000 - & Above	1,614	522,144,164	32,314,026	34,619,782	2,305,756	361	1,248	5	2	0	22.37%	77.32%	6.19%	6.63%	10.73%	10.56%	1,429
TOTALS	89,388	4,247,867,807	164,824,585	185,678,168	20,853,582	30,278	56,620	2,490	1,221	5,050	33.87%	63.34%	3.88%	4.37%	54.73%	56.65%	233

Decile Group						Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	648	1,445,688	2,722	0	(2,722)	162	0	486	324	648	25.00%	0.00%	0.19%	0.00%	0.00%	0.00%	(4)
2	810	3,779,136	51,919	37,632	(14,286)	486	324	0	0	0	60.00%	40.00%	1.37%	1.00%	0.02%	0.01%	(18)
3	872	7,700,832	71,775	51,965	(19,810)	486	162	324	162	648	50.00%	16.67%	0.93%	0.67%	0.02%	0.02%	(20)
4	2,774	33,750,480	400,436	373,489	(26,947)	1,246	922	606	526	1,492	44.92%	33.24%	1.19%	1.11%	0.13%	0.11%	(10)
5	4,804	78,736,080	1,233,406	1,099,743	(133,664)	2,924	1,720	160	120	1,240	60.87%	35.80%	1.57%	1.40%	0.41%	0.34%	(28)
6	7,640	164,960,280	3,175,748	2,971,461	(204,287)	4,560	2,960	120	40	880	59.69%	38.74%	1.93%	1.80%	1.05%	0.91%	(27)
7	11,224	311,845,306	7,567,312	7,597,948	30,636	6,142	4,804	278	0	80	54.72%	42.80%	2.43%	2.44%	2.51%	2.32%	3
8	16,572	596,657,484	18,230,791	19,935,508	1,704,717	6,210	10,120	242	0	62	37.47%	61.07%	3.06%	3.34%	6.05%	6.08%	103
9	21,287	999,152,868	35,941,817	41,432,184	5,490,367	5,555	16,033	199	44	0	23.75%	75.32%	3.60%	4.15%	11.93%	12.64%	258
10	22,657	2,049,839,653	98,148,661	112,178,238	14,029,576	3,007	19,575	75	5	0	13.27%	86.40%	4.79%	5.47%	32.59%	34.23%	619
10A	7,995	460,821,889	18,050,507	21,539,034	3,488,527	1,012	6,953	30	0	0	12.66%	86.97%	3.92%	4.67%	5.99%	6.57%	436
10B	7,608	523,395,568	22,058,553	26,194,765	4,136,212	802	6,790	16	2	0	10.54%	89.25%	4.21%	5.00%	7.32%	7.99%	544
10C	7,054	1,065,622,196	58,039,601	64,444,439	6,404,837	1,193	5,832	29	3	0	16.91%	82.68%	5.45%	6.05%	19.27%	19.66%	908
TOTAL	89,388	4,247,867,807	164,824,587	185,678,168	20,853,580	30,278	56,620	2,490	1,221	5,050	33.87%	63.34%	3.88%	4.37%	54.73%	56.65%	233

April 23, 1993

MEMORANDUM

TO: Mick Robinson
Director

FROM: Larry Finch, Program Manager
Office of Research and Information

RE: Administration Income Tax Proposal and Single Filers

I have examined some options addressing Senator Towe's concern with the impact that the administration's 6.7 percent income tax proposal has on single filers. In particular, I have simulated the impacts of providing *minimum standard deductions* for all filers under the following three options:

<u>Filertype</u>	<u>Minimum Standard Deduction Levels</u>		
	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
Single Filers	\$ 1,500	\$ 2,000	\$ 2,500
Head of Household	\$ 2,000	\$ 2,500	\$ 3,000
Married Couples	\$ 2,500	\$ 3,000	\$ 3,500

The following table shows the impact that providing these minimum standard deductions has on total tax liability, the number of households removed from the tax roll, and the average tax savings of these households:

	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
Reduction in Liability	\$ 50,281	\$263,496	\$720,526
Number of Households off Roll	2,106	5,508	7,938
Average Tax Savings per Hshld.	\$ 23.88	\$ 47.84	\$ 90.77

As the table indicates, providing for minimum standard deductions has little impact on total revenue. More importantly, the removal of a significant number of households from the tax roll is contrary to the administration's goal of keeping as many households on the roll as possible.

Also, the above impacts are for *all* households; single filer households would reap only a small portion of the total benefits provided by use of a minimum standard deduction. This becomes more clear when one considers that under the administration's 6.7 percent proposal single filers earning up to \$4,143 of income would not see any additional benefit from a minimum standard deduction, no matter how large that minimum deduction may be. Currently, 38,140 (nearly 30%) out of a total of 132,029 single-filer households are earning less than this amount. A minimum standard deduction does these filers no good.

In short, the provision of a minimum standard deduction is a very inefficient means of alleviating the concern for single filers in the administration's proposal. If this concern is genuine and shared amongst all policy makers, my recommendation would be to consider a "single-filer tax credit". Such a credit would be justified on the grounds that the proposal does indeed provide a significant negative impact to a particular class of filers beyond the impact to other filertypes; would directly target the group most adversely affected; and keep to a minimum the additional number of households being dropped from the tax roll.

Please let me know if you need further analysis in this area.

EXHIBIT 4
 DATE 11/23/93
 AB 671

Administration 6.7% (40% STD DED) Income Tax Proposal - All Households - Calendar Year 1993

24-Apr-93

Income Bracket			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	20,088	23,447,880	19,232	19,232	0	0	648	0	19,440	15,228	20,088	3.23%	0.00%	0.08%	0.00%	0.01%	0.00%	(1)
2,000 - 4,000	21,546	64,597,176	354,476	354,476	0	0	15,228	0	5,318	5,346	21,546	70.68%	0.00%	0.55%	0.00%	0.12%	0.00%	(18)
4,000 - 6,000	18,468	91,668,580	790,733	790,733	269,859	269,859	13,284	162	5,022	5,022	11,502	71.93%	0.88%	0.86%	0.29%	0.26%	0.08%	(28)
6,000 - 8,000	17,010	118,638,918	1,243,131	1,243,131	843,253	843,253	11,826	162	5,022	4,698	8,748	69.52%	0.95%	1.05%	0.71%	0.41%	0.26%	(24)
8,000 - 10,000	18,630	168,044,544	2,114,651	2,113,860	1,553,399	1,549,473	11,340	324	6,966	3,240	8,910	60.87%	1.74%	1.26%	0.92%	0.70%	0.49%	(30)
10,000 - 12,000	16,080	177,124,148	2,620,894	2,608,598	2,007,223	1,983,742	7,766	2,568	5,746	1,818	6,652	48.30%	15.97%	1.47%	1.12%	0.87%	0.63%	(38)
12,000 - 14,000	14,286	185,140,662	3,106,182	3,086,178	2,705,935	2,672,496	6,784	5,484	2,018	1,616	4,872	47.49%	38.39%	1.67%	1.44%	1.03%	0.85%	(28)
14,000 - 16,000	14,056	210,896,380	4,018,768	3,988,730	3,483,411	3,434,840	7,448	5,200	1,408	1,128	4,412	52.99%	36.99%	1.89%	1.63%	1.33%	1.09%	(38)
16,000 - 18,000	13,088	222,094,204	4,634,040	4,573,288	4,054,060	3,958,878	7,002	5,000	1,086	1,046	3,888	53.50%	38.20%	2.06%	1.78%	1.54%	1.27%	(44)
18,000 - 20,000	12,170	229,927,114	5,173,542	5,081,126	4,913,693	4,766,679	6,206	5,360	604	644	2,688	50.99%	44.04%	2.21%	2.07%	1.72%	1.54%	(21)
20,000 - 25,000	26,368	593,473,538	15,470,682	15,116,773	13,898,407	13,410,460	15,522	9,840	1,006	1,006	3,288	58.87%	37.32%	2.55%	2.26%	5.14%	4.35%	(60)
25,000 - 30,000	22,800	624,388,966	18,125,786	17,452,590	17,845,258	16,923,082	12,524	9,234	1,042	792	1,360	54.93%	40.50%	2.80%	2.71%	6.02%	5.59%	(12)
30,000 - 35,000	18,468	598,717,404	19,507,246	18,168,662	20,177,612	18,460,221	8,584	9,440	444	434	304	46.48%	51.12%	3.03%	3.08%	6.48%	6.32%	36
35,000 - 40,000	15,890	594,872,990	21,311,526	19,649,943	22,575,243	20,520,353	6,852	8,744	294	184	202	43.12%	55.03%	3.30%	3.45%	7.08%	7.07%	80
40,000 - 45,000	14,368	609,335,472	22,467,884	20,555,122	24,588,121	22,249,888	5,374	8,634	360	294	242	37.40%	60.09%	3.37%	3.65%	7.46%	7.70%	148
45,000 - 50,000	11,559	548,067,225	21,385,542	18,999,819	23,473,878	20,669,876	3,565	7,758	236	162	202	30.84%	67.12%	3.47%	3.77%	7.10%	7.35%	181
50,000 - 55,000	9,300	487,935,610	19,726,673	16,485,426	21,970,779	18,207,888	2,611	6,577	112	37	0	28.08%	70.72%	3.38%	3.73%	6.55%	6.88%	241
55,000 - 60,000	6,146	352,685,907	14,444,387	11,698,520	16,618,158	13,337,992	1,359	4,757	30	22	0	22.11%	77.40%	3.32%	3.78%	4.80%	5.20%	254
60,000 - 65,000	5,178	322,505,008	13,681,746	10,874,804	15,689,629	12,409,801	1,005	4,173	0	0	0	19.41%	80.59%	3.37%	3.85%	4.54%	4.91%	388
65,000 - 70,000	3,508	236,497,873	10,265,245	8,032,187	11,849,711	9,215,230	633	2,864	11	44	0	18.04%	81.64%	3.40%	3.90%	3.41%	3.71%	452
70,000 - 75,000	2,516	182,095,246	8,192,697	6,458,406	9,352,138	7,313,461	496	2,012	8	4	0	19.71%	79.97%	3.55%	4.02%	2.72%	2.93%	461
75,000 - 80,000	1,862	143,952,442	6,471,111	5,070,681	7,582,516	5,916,283	338	1,516	8	0	0	18.15%	81.42%	3.52%	4.11%	2.15%	2.37%	586
80,000 - 90,000	2,496	210,822,610	9,788,614	7,607,038	11,242,972	8,689,770	550	1,934	12	5	0	22.04%	77.48%	3.61%	4.12%	3.25%	3.74%	583
90,000 - 100,000	1,579	149,339,708	7,216,387	5,620,890	8,167,444	6,331,247	346	1,225	8	5	0	21.91%	77.58%	3.76%	4.24%	2.40%	2.56%	602
100,000 - 110,000	1,045	109,524,438	5,516,416	4,187,388	6,148,973	4,650,519	265	777	3	1	0	25.36%	74.35%	3.82%	4.25%	1.83%	1.92%	608
110,000 - 120,000	765	87,782,090	4,462,571	3,337,961	4,982,771	3,724,173	215	546	4	2	0	28.10%	71.37%	3.80%	4.24%	1.48%	1.56%	680
120,000 - 130,000	613	76,534,589	3,954,002	2,947,661	4,386,566	3,271,170	173	437	3	4	0	28.22%	71.29%	3.85%	4.27%	1.31%	1.37%	706
130,000 - 140,000	449	60,543,348	3,274,359	2,404,823	3,620,731	2,658,348	129	319	1	1	0	28.73%	71.05%	3.97%	4.39%	1.09%	1.13%	771
140,000 - 150,000	366	52,931,376	2,943,886	2,208,194	3,253,818	2,439,129	103	262	1	2	0	28.14%	71.58%	4.17%	4.61%	0.98%	1.02%	847
150,000 - & Above	2,526	785,647,268	45,882,946	35,224,031	52,230,006	37,932,665	724	1,796	6	31	0	4.48%	71.10%	4.48%	4.79%	16.23%	16.35%	1,325
TOTALS	313,224	8,319,533,014	301,165,555	255,956,271	319,465,564	267,510,576	148,900	107,105	57,219	42,814	98,902	47.54%	34.19%	3.08%	3.22%	100.00%	100.00%	58

Decile Group			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	31,590	52,974,162	164,224	164,224	0	0	9,072	0	22,518	17,820	31,590	28.72%	0.00%	0.31%	0.00%	0.05%	0.00%	(5)
2	30,942	142,008,876	1,173,220	1,173,220	371,020	371,020	22,194	162	8,586	8,100	22,880	71.73%	0.52%	0.83%	0.26%	0.39%	0.12%	(26)
3	31,426	253,979,288	2,952,750	2,951,959	2,157,355	2,153,429	19,802	466	11,340	7,452	15,876	62.37%	1.55%	1.16%	0.85%	0.98%	0.68%	(25)
4	31,386	369,274,730	5,857,429	5,825,453	4,747,659	4,692,753	15,768	7,812	7,306	3,314	11,770	50.24%	24.89%	1.58%	1.27%	1.94%	1.49%	(35)
5	31,308	505,573,432	10,175,881	10,051,816	9,022,647	8,828,585	16,332	12,120	2,856	2,494	9,342	52.17%	38.71%	1.99%	1.75%	3.38%	2.82%	(37)
6	31,376	668,710,916	16,569,766	16,325,027	15,053,407	14,560,728	17,646	12,200	1,530	1,570	5,254	56.24%	38.88%	2.44%	2.18%	5.54%	4.71%	(52)
7	31,444	866,668,314	25,576,234	24,500,814	25,344,628	23,888,896	17,328	13,052	1,064	854	1,440	55.11%	41.51%	2.83%	2.76%	8.49%	7.93%	(7)
8	31,256	1,115,832,074	38,512,249	35,627,505	40,520,998	36,914,992	13,710	16,830	716	596	506	43.86%	53.85%	3.19%	3.31%	12.79%	12.68%	64
9	31,348	1,459,458,992	58,260,101	49,805,763	61,806,183	54,182,312	10,426	20,259	663	493	444	33.26%	64.63%	3.41%	3.71%	18.68%	19.35%	177
10	31,146	2,885,052,130	143,823,703	109,530,489	160,441,666	121,917,457	6,822	24,184	140	121	0	21.90%	77.65%	3.80%	4.23%	47.76%	50.22%	534
10A	10,603	610,569,511	25,190,709	20,334,987	28,841,178	23,100,168	2,340	8,188	75	22	0	22.07%	77.22%	3.33%	3.78%	8.36%	9.03%	344
10B	10,216	702,702,414	30,827,143	24,281,253	35,527,794	27,839,561	1,881	8,310	25	48	0	18.41%	81.34%	3.46%	3.96%	10.24%	11.12%	460
10C	10,327	1,571,780,205	87,805,851	64,914,249	96,072,694	70,977,710	2,601	7,686	40	51	0	25.19%	74.43%	4.13%	4.52%	29.16%	30.07%	801
TOTAL	313,224	8,319,533,014	301,165,557	255,956,270	319,465,563	267,510,572	148,900	107,105	57,219	42,814	98,902	47.54%	34.19%	3.08%	3.22%	100.00%	100.00%	58

Administration 6.7% (40% STD DED) Income Tax Proposal – Single Filers – Calendar Year 1993

Income Bracket			Current Law			Proposed Law			Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of	Number of	No	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
							Gain	Loss	Change											
0 - 2,000	17,820	21,031,328	13,435	13,435	0	0	485	0	17,334	13,122	17,820	2.73%	0.00%	0.06%	0.00%	0.02%	0.00%			(1)
2,000 - 4,000	17,658	52,053,030	329,813	329,813	0	0	14,256	0	3,402	2,754	17,658	80.73%	0.00%	0.83%	0.00%	0.60%	0.00%			(19)
4,000 - 6,000	14,580	72,053,388	721,663	721,663	249,396	249,396	11,502	162	2,916	2,916	7,938	78.89%	1.11%	1.00%	0.35%	1.31%	0.40%			(32)
6,000 - 8,000	11,016	77,302,836	1,066,233	1,066,233	800,257	800,257	8,910	162	1,944	1,782	3,240	80.88%	1.47%	1.38%	1.04%	1.93%	1.27%			(24)
8,000 - 10,000	10,368	93,268,584	1,582,857	1,582,066	1,485,803	1,461,877	5,670	182	4,536	810	2,268	54.69%	1.56%	1.70%	1.57%	2.87%	2.33%			(11)
10,000 - 12,000	9,164	100,614,730	1,895,937	1,883,765	1,789,975	1,747,069	2,786	2,408	3,970	444	1,740	30.40%	26.28%	1.87%	1.74%	3.43%	2.81%			(14)
12,000 - 14,000	7,420	95,680,432	2,060,635	2,044,298	2,203,844	2,177,413	1,448	5,124	948	606	648	19.51%	69.06%	2.14%	2.28%	3.73%	3.50%			19
14,000 - 16,000	6,244	93,453,242	2,455,735	2,435,491	2,690,066	2,653,677	1,242	4,560	442	160	200	19.89%	73.03%	2.51%	2.84%	4.45%	4.27%			38
16,000 - 18,000	4,962	83,895,316	2,420,400	2,379,144	2,847,976	2,775,635	560	4,200	202	242	162	11.29%	84.64%	2.84%	3.31%	4.38%	4.52%			88
18,000 - 20,000	5,244	98,986,964	3,072,463	3,007,029	3,615,158	3,500,350	642	4,440	162	242	162	12.24%	84.67%	3.04%	3.54%	5.57%	5.74%			103
20,000 - 25,000	8,764	196,727,380	6,950,163	6,781,203	8,209,982	7,921,856	1,080	7,120	564	444	324	12.32%	81.24%	3.45%	4.03%	12.59%	13.03%			144
25,000 - 30,000	5,846	159,936,414	6,170,345	5,845,482	7,649,798	7,144,871	1,088	4,718	40	84	0	18.61%	80.70%	3.65%	4.47%	11.18%	12.14%			253
30,000 - 35,000	3,982	128,273,950	5,072,959	4,376,942	6,462,736	5,498,014	484	3,314	184	228	162	12.15%	83.22%	3.41%	4.29%	9.19%	10.25%			349
35,000 - 40,000	2,424	89,719,992	3,710,592	3,171,756	4,603,917	3,870,469	264	1,998	162	184	162	10.89%	82.43%	3.54%	4.31%	6.72%	7.31%			369
40,000 - 45,000	1,474	62,590,352	2,787,470	2,408,172	3,468,778	2,938,370	220	1,254	0	0	0	14.93%	85.07%	3.85%	4.69%	5.05%	5.50%			462
45,000 - 50,000	775	36,656,444	1,710,021	1,419,567	2,090,883	1,723,291	52	701	22	0	0	6.71%	90.45%	3.87%	4.70%	3.10%	3.32%			491
50,000 - 55,000	726	38,020,259	1,912,916	1,610,610	2,194,658	1,836,105	172	539	15	15	0	23.69%	74.24%	4.24%	4.83%	3.47%	3.48%			388
55,000 - 60,000	352	20,225,517	987,665	787,216	1,164,828	925,410	30	322	0	0	0	8.52%	91.48%	3.89%	4.58%	1.79%	1.85%			504
60,000 - 65,000	255	15,915,405	716,024	570,062	887,851	708,831	0	255	0	0	0	0.00%		3.58%	4.45%	1.30%	1.41%			674
65,000 - 70,000	202	13,627,910	742,990	620,951	831,278	688,007	32	169	1	1	0	15.84%	83.86%	4.56%	5.05%	1.35%	1.32%			437
70,000 - 75,000	187	12,185,033	588,696	464,179	728,506	571,050	18	148	1	0	0	10.78%	88.62%	3.81%	4.69%	1.07%	1.16%			837
75,000 - 80,000	104	8,038,073	439,894	355,394	500,253	401,072	20	83	1	0	0	19.23%	79.81%	4.42%	4.99%	0.80%	0.79%			580
80,000 - 90,000	210	17,874,522	875,857	682,535	1,002,018	770,372	60	150	0	1	0	28.57%	71.43%	3.82%	4.31%	1.59%	1.59%			601
90,000 - 100,000	119	11,312,956	592,312	471,921	690,505	543,501	34	84	1	2	0	28.57%	70.59%	4.17%	4.80%	1.07%	1.10%			826
100,000 - 110,000	91	9,474,811	504,913	395,827	577,198	448,700	23	68	0	0	0	25.27%	74.73%	4.18%	4.74%	0.91%	0.92%			794
110,000 - 120,000	47	5,373,821	295,021	221,830	323,457	240,609	15	43	0	0	0	31.91%	68.09%	4.13%	4.48%	0.53%	0.51%			805
120,000 - 130,000	54	6,744,153	373,318	279,997	415,139	309,629	11	43	0	0	0	20.37%	79.63%	4.15%	4.59%	0.68%	0.66%			774
130,000 - 140,000	48	6,485,579	347,704	263,622	395,358	299,547	19	29	0	1	0	39.58%	60.42%	4.06%	4.62%	0.63%	0.63%			994
140,000 - 150,000	34	4,920,355	268,988	208,294	317,909	247,563	10	23	1	2	0	29.41%	67.55%	4.23%	5.03%	0.49%	0.50%			1,430
150,000 - & Above	259	77,253,501	4,532,064	3,299,137	4,865,327	3,520,246	104	155	0	25	0	40.15%	59.85%	4.26%	4.56%	8.21%	7.72%			1,287
TOTALS	130,409	1,709,696,275	55,198,881	49,687,734	63,022,794	55,973,177	51,238	42,422	36,749	24,065	52,484	39.29%	32.53%	2.91%	3.27%	100.00%	100.00%			60

Decile Group			Current Law			Proposed Law			Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of	Number of	No	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
							Gain	Loss	Change											
1	27,702	46,280,322	152,881	152,881	0	0	8,586	0	19,116	14,580	27,702	30.99%	0.00%	0.33%	0.00%	0.28%	0.00%			(6)
2	23,976	108,910,980	1,054,536	1,054,536	340,059	340,059	19,116	162	4,698	4,374	16,200	79.73%	0.68%	0.97%	0.31%	1.91%	0.54%			(30)
3	19,116	154,126,800	2,384,619	2,383,827	2,060,360	2,056,435	12,836	324	6,156	2,430	5,022	66.10%	1.69%	1.55%	1.33%	4.32%	3.27%			(17)
4	17,032	199,893,664	4,031,514	4,003,244	4,028,019	3,979,605	4,720	7,372	4,940	1,010	2,388	27.71%	43.28%	2.00%	1.99%	7.30%	6.39%			(0)
5	12,966	208,607,518	5,889,262	5,805,873	6,732,229	6,584,003	1,922	10,360	684	442	362	14.82%	79.90%	2.78%	3.16%	10.67%	10.68%			85
6	11,248	237,635,104	7,912,995	7,730,956	9,329,635	9,019,236	1,322	9,200	728	646	486	11.75%	81.79%	3.25%	3.80%	14.34%	14.80%			126
7	8,208	225,101,886	8,707,915	8,148,283	10,825,609	9,986,383	1,478	6,690	40	146	0	18.01%	81.51%	3.62%	4.44%	15.78%	17.18%			258
8	5,420	189,555,054	7,696,028	6,641,996	9,650,027	8,196,747	660	4,414	346	390	324	12.18%	81.44%	3.50%	4.32%	13.94%	15.31%			361
9	2,642	121,629,339	5,718,384	4,836,242	6,898,848	5,765,373	355	2,250	37	15	0	13.44%	85.16%	3.98%	4.74%	10.36%	10.95%			447
10	2,099	217,955,608	11,650,749	8,929,897	13,158,008	10,045,338	443	1,650	6	32	0	21.11%	78.61%	4.10%	4.61%	21.11%	20.86%			718
10A	614	35,132,424	1,635,863	1,292,482	1,975,704	1,550,274	97	517	0	0	0	15.80%	84.20%	3.68%	4.41%	2.96%	3.13%			553
10B	600	41,560,755	2,122,184	1,742,326	2,482,387	2,024,171	65	532	3	1	0	10.83%	88.67%	4.19%	4.87%	3.84%	3.94%			600
10C	885	141,262,429	7,892,702	5,895,089	8,699,917	6,470,893	281	601	3	31	0	31.75%	67.91%	4.17%	4.58%	14.30%	13.60%			912
TOTAL	130,409	1,709,696,275	55,198,881	49,687,735	63,022,794	55,973,179	51,238	42,422	36,749	24,065	52,484	39.29%	32.53%	2.91%	3.27%	100.00%	100.00%			60

EX #4
4-23-93
HB 671

24-Apr-93

Administration 6.7% (40% STD DED) Income Tax Proposal -- Head of Household -- Calendar Year 1993

Income Bracket			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	810	1,142,262	0	0	0	0	0	0	810	810	810	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
2,000 - 4,000	648	1,863,000	2,824	2,824	0	0	162	0	486	486	648	25.00%	0.00%	0.15%	0.00%	0.02%	0.00%	(4)
4,000 - 6,000	1,296	6,445,656	26,323	26,323	0	0	972	0	324	324	1,296	75.00%	0.00%	0.41%	0.00%	0.22%	0.00%	(20)
6,000 - 8,000	1,620	10,967,724	105,603	105,603	42,995	42,995	1,296	0	324	324	1,134	80.00%	0.00%	0.96%	0.39%	0.89%	0.39%	(39)
8,000 - 10,000	2,268	20,604,132	263,259	263,259	30,733	30,733	2,106	0	162	162	1,458	92.86%	0.00%	1.23%	0.15%	2.22%	0.23%	(103)
10,000 - 12,000	1,968	21,936,924	323,164	323,164	99,585	99,585	1,848	40	80	40	968	93.90%	2.03%	1.47%	0.45%	2.73%	0.91%	(114)
12,000 - 14,000	1,080	14,259,800	293,015	293,015	180,657	180,657	880	80	120	40	200	81.48%	7.41%	2.05%	1.27%	2.47%	1.66%	(104)
14,000 - 16,000	1,280	18,885,280	386,026	381,108	239,784	234,460	1,000	160	120	0	160	78.13%	12.50%	2.02%	1.24%	3.26%	2.20%	(114)
16,000 - 18,000	1,440	24,544,320	628,251	620,966	456,165	447,691	1,200	240	0	0	40	83.33%	16.67%	2.53%	1.82%	5.30%	4.19%	(120)
18,000 - 20,000	920	17,549,520	401,048	394,438	349,075	336,417	680	240	0	0	0	73.91%	26.09%	2.25%	1.92%	3.38%	3.20%	(56)
20,000 - 25,000	2,442	54,447,344	1,526,784	1,480,382	1,456,437	1,395,513	1,680	500	162	162	202	68.80%	24.57%	2.72%	2.56%	12.68%	13.37%	(29)
25,000 - 30,000	1,766	47,950,898	1,605,144	1,550,798	1,585,157	1,515,757	1,022	582	162	162	162	57.37%	32.96%	3.23%	3.16%	13.54%	14.55%	(11)
30,000 - 35,000	836	26,523,750	1,104,291	1,047,969	1,091,980	1,027,602	462	374	0	0	0	55.28%	44.74%	3.95%	3.87%	9.31%	10.02%	(15)
35,000 - 40,000	638	23,833,678	1,094,399	995,171	1,103,742	991,544	330	308	0	0	0	51.72%	48.28%	4.18%	4.16%	9.23%	10.13%	15
40,000 - 45,000	330	13,850,892	634,774	546,773	681,796	581,024	88	242	0	0	0	26.67%	73.33%	3.95%	4.19%	5.35%	6.26%	142
45,000 - 50,000	284	13,372,342	648,797	521,554	683,559	545,960	105	179	0	0	0	26.97%	63.03%	3.90%	4.08%	5.47%	6.27%	122
50,000 - 55,000	97	5,121,065	242,041	191,597	258,046	203,252	30	67	0	0	0	30.93%	69.07%	3.74%	3.97%	2.04%	2.37%	165
55,000 - 60,000	45	2,553,240	139,510	116,538	145,753	119,428	15	30	0	0	0	33.33%	66.67%	4.56%	4.68%	1.18%	1.34%	139
60,000 - 65,000	37	2,324,380	39,878	32,717	70,444	55,706	0	37	0	0	0	0.00%	100.00%	1.41%	2.40%	0.34%	0.65%	826
65,000 - 70,000	35	2,343,941	107,300	81,577	125,750	95,204	5	30	0	0	0	14.29%	85.71%	3.48%	4.06%	0.90%	1.15%	527
70,000 - 75,000	22	1,590,275	92,176	75,492	94,444	76,255	10	12	0	0	0	45.45%	54.55%	4.75%	4.80%	0.78%	0.87%	103
75,000 - 80,000	12	929,519	46,166	33,247	55,035	40,881	2	10	0	0	0	16.67%	83.33%	3.58%	4.40%	0.39%	0.51%	729
80,000 - 90,000	38	3,208,712	187,408	151,209	189,489	149,742	18	20	0	1	0	47.37%	52.63%	4.71%	4.67%	1.58%	1.74%	55
90,000 - 100,000	21	1,963,182	109,681	80,734	116,175	85,287	7	13	1	0	0	33.33%	66.67%	4.11%	4.34%	0.93%	1.07%	309
100,000 - 110,000	18	1,876,762	109,570	78,447	112,890	80,746	8	10	0	0	0	44.44%	55.56%	4.18%	4.30%	0.92%	1.04%	184
110,000 - 120,000	16	1,822,921	98,859	70,242	110,933	79,053	6	10	0	0	0	37.50%	62.50%	3.85%	4.34%	0.83%	1.02%	755
120,000 - 130,000	12	1,495,032	80,912	58,271	84,469	60,746	6	6	0	0	0	50.00%	50.00%	3.90%	4.06%	0.68%	0.78%	296
130,000 - 140,000	10	1,335,747	76,011	52,448	77,657	53,584	4	6	0	0	0	40.00%	60.00%	3.93%	4.01%	0.64%	0.71%	165
140,000 - 150,000	8	1,155,294	63,713	48,400	70,500	53,374	3	5	0	0	0	37.50%	62.50%	4.16%	4.62%	0.54%	0.65%	848
150,000 - & Above	52	19,676,499	1,419,446	999,453	1,281,071	969,624	23	29	0	0	0	44.23%	55.77%	5.08%	4.93%	11.97%	12.58%	(738)
TOTALS	20,049	365,574,091	11,856,373	10,623,359	10,894,321	9,552,920	13,968	3,330	2,751	2,511	7,076	69.67%	16.51%	2.91%	2.61%	100.00%	100.00%	(48)

Decile Group			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	1,296	2,389,824	2,824	2,824	0	0	162	0	1,134	1,134	1,296	12.50%	0.00%	0.12%	0.00%	0.02%	0.00%	(2)
2	1,782	9,074,430	52,329	52,329	10,499	10,499	1,296	0	486	486	1,620	72.73%	0.00%	0.58%	0.12%	0.44%	0.10%	(23)
3	3,078	24,744,204	261,453	261,453	46,146	46,146	2,592	0	486	486	2,268	84.21%	0.00%	1.06%	0.19%	2.21%	0.42%	(70)
4	3,374	38,776,600	657,560	557,560	261,743	261,743	3,134	80	160	40	1,288	92.89%	2.37%	1.70%	0.68%	5.55%	2.40%	(117)
5	3,120	50,048,880	1,152,506	1,140,302	803,366	789,569	2,440	520	160	40	240	78.21%	16.67%	2.28%	1.58%	9.72%	7.37%	(112)
6	2,642	55,766,824	1,462,892	1,422,125	1,284,371	1,223,919	1,840	640	162	162	202	69.64%	24.22%	2.55%	2.37%	12.34%	12.71%	(30)
7	2,708	73,967,816	2,529,998	2,427,491	2,493,538	2,369,926	1,646	900	162	162	162	60.78%	33.23%	3.28%	3.20%	21.34%	22.89%	(13)
8	1,078	38,846,810	1,768,859	1,645,277	1,768,019	1,626,016	572	506	0	0	0	53.06%	46.94%	4.24%	4.19%	14.92%	16.23%	(1)
9	800	27,232,174	1,275,703	1,030,688	1,363,694	1,095,612	164	436	0	0	0	27.33%	72.67%	3.78%	4.02%	10.76%	12.52%	147
10	371	44,726,729	2,692,251	1,983,309	2,762,948	2,029,492	122	248	1	1	0	32.88%	66.85%	4.43%	4.54%	22.71%	25.36%	191
10A	90	5,004,465	261,130	221,432	274,089	229,289	30	60	0	0	0	33.33%	66.67%	4.42%	4.58%	2.20%	2.52%	144
10B	102	6,870,550	268,699	210,922	326,168	254,003	17	85	0	0	0	16.67%	83.33%	3.07%	3.70%	2.27%	2.99%	563
10C	179	32,851,714	2,162,422	1,550,955	2,162,691	1,546,200	75	103	1	1	0	41.90%	57.54%	4.72%	4.71%	18.24%	19.85%	2
TOTAL	20,049	365,574,091	11,856,375	10,623,358	10,894,324	9,552,922	13,968	3,330	2,751	2,511	7,076	69.67%	16.51%	2.91%	2.61%	100.00%	100.00%	(48)

Administration 6.7% (40% STD DED) Income Tax Proposal -- Married Filing Joint -- Calendar Year 1993

Income Bracket			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	1,296	1,120,554	5,797	5,797	0	0	162	0	1,134	1,134	1,296	12.50%	0.00%	0.52%	0.00%	0.01%	0.00%	(4)
2,000 - 4,000	2,430	8,143,092	6,006	6,006	0	0	324	0	2,106	1,944	2,430	13.33%	0.00%	0.07%	0.00%	0.01%	0.00%	(2)
4,000 - 6,000	2,106	10,836,504	4,139	4,139	0	0	324	0	1,782	1,782	2,106	15.38%	0.00%	0.04%	0.00%	0.01%	0.00%	(2)
6,000 - 8,000	4,050	28,115,586	55,778	55,778	0	0	1,296	0	2,754	2,592	4,050	32.00%	0.00%	0.20%	0.00%	0.08%	0.00%	(14)
8,000 - 10,000	5,346	48,723,768	212,277	212,277	25,501	25,501	3,240	162	1,944	2,106	4,698	60.61%	0.03%	0.44%	0.05%	0.31%	0.04%	(35)
10,000 - 12,000	3,742	41,247,504	275,699	275,699	49,188	49,188	2,692	80	970	848	3,180	71.94%	2.14%	0.67%	0.12%	0.40%	0.08%	(61)
12,000 - 14,000	4,218	54,774,940	478,191	474,752	143,907	139,035	3,088	200	930	930	3,218	73.21%	4.74%	0.87%	0.25%	0.69%	0.23%	(79)
14,000 - 16,000	4,650	70,218,954	748,092	742,211	295,052	289,277	3,524	320	806	886	3,090	75.78%	6.88%	1.06%	0.41%	1.08%	0.47%	(97)
16,000 - 18,000	4,366	74,162,968	899,166	892,999	324,279	317,024	3,282	280	804	764	2,886	75.17%	6.41%	1.20%	0.43%	1.30%	0.52%	(132)
18,000 - 20,000	3,764	71,050,094	1,066,295	1,051,822	545,337	532,853	2,922	440	402	362	1,764	77.63%	11.69%	1.48%	0.75%	1.54%	0.87%	(138)
20,000 - 25,000	8,002	180,188,854	3,849,464	3,769,137	2,174,651	2,093,692	6,722	1,000	280	400	1,522	84.00%	12.50%	2.09%	1.16%	5.56%	3.49%	(209)
25,000 - 30,000	6,978	190,040,060	4,883,913	4,725,250	3,795,890	3,615,778	4,762	1,548	668	546	712	68.24%	22.18%	2.49%	1.90%	7.05%	6.09%	(156)
30,000 - 35,000	5,166	166,941,352	5,458,615	5,196,881	4,595,143	4,320,215	3,716	1,396	44	206	80	72.07%	27.08%	3.11%	2.59%	7.88%	7.37%	(167)
35,000 - 40,000	4,062	151,787,576	6,071,257	5,657,048	5,354,012	4,919,548	3,006	1,012	44	0	40	74.00%	24.91%	3.73%	3.24%	8.76%	8.59%	(177)
40,000 - 45,000	3,772	160,011,478	6,320,551	5,804,137	5,820,657	5,301,198	2,558	986	228	272	242	67.82%	26.14%	3.63%	3.31%	9.12%	9.34%	(133)
45,000 - 50,000	2,418	114,576,618	5,090,411	4,605,539	4,489,500	4,018,138	1,714	542	162	162	202	70.89%	22.42%	4.02%	3.51%	7.35%	7.20%	(249)
50,000 - 55,000	1,362	71,450,209	3,445,752	2,864,879	3,311,101	2,732,414	876	419	67	0	0	64.32%	30.76%	4.01%	3.82%	4.97%	5.31%	(99)
55,000 - 60,000	1,133	65,027,491	3,014,626	2,432,139	2,883,636	2,307,446	677	441	15	22	0	59.75%	38.92%	3.74%	3.55%	4.35%	4.63%	(116)
60,000 - 65,000	922	57,482,777	2,941,557	2,291,938	2,837,011	2,195,572	630	292	0	0	0	65.33%	31.67%	3.99%	3.82%	4.25%	4.55%	(113)
65,000 - 70,000	724	48,712,101	2,224,128	1,714,061	2,321,213	1,782,233	349	374	1	41	0	48.20%	51.66%	3.52%	3.66%	3.21%	3.72%	134
70,000 - 75,000	401	28,981,403	1,506,776	1,193,152	1,518,438	1,188,074	217	183	1	4	0	54.11%	45.64%	4.12%	4.10%	2.17%	2.44%	29
75,000 - 80,000	344	26,539,823	1,335,991	1,041,021	1,397,547	1,087,524	180	159	5	0	0	52.33%	46.22%	3.92%	4.10%	1.93%	2.24%	179
80,000 - 90,000	458	38,660,560	1,973,180	1,490,150	2,085,961	1,570,369	227	227	4	2	0	49.56%	49.56%	3.85%	4.06%	2.85%	3.35%	246
90,000 - 100,000	329	31,049,157	1,613,944	1,235,732	1,646,555	1,252,401	155	173	1	3	0	47.11%	52.58%	3.98%	4.03%	2.33%	2.64%	99
100,000 - 110,000	227	23,773,286	1,350,073	1,009,939	1,359,992	1,015,125	130	97	0	1	0	57.27%	42.73%	4.25%	4.27%	1.95%	2.18%	44
110,000 - 120,000	180	20,687,042	1,163,117	834,404	1,217,074	875,264	85	94	0	2	0	47.78%	52.22%	4.03%	4.23%	1.68%	1.95%	300
120,000 - 130,000	136	16,917,649	960,928	697,820	997,669	724,350	78	58	0	4	0	57.35%	42.65%	4.12%	4.28%	1.39%	1.60%	270
130,000 - 140,000	109	14,705,403	864,880	612,072	909,526	641,869	50	59	0	0	0	45.87%	54.13%	4.16%	4.36%	1.25%	1.46%	410
140,000 - 150,000	96	13,894,934	847,701	622,677	869,318	635,387	41	55	0	0	0	42.71%	57.29%	4.48%	4.57%	1.22%	1.39%	225
150,000 - & Above	501	166,573,104	10,617,410	7,525,600	11,363,826	8,055,298	236	364	1	4	0	39.27%	60.57%	4.52%	4.84%	15.32%	18.23%	1,242
TOTALS	73,378	1,996,394,841	69,285,714	59,046,056	62,331,984	51,684,873	47,264	10,961	15,153	15,017	31,516	64.41%	14.94%	2.96%	2.59%	100.00%	100.00%	(95)

Decile Group			Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax	Tax After Fed. Offset	Tax	Tax After Fed. Offset	Number of Gainers	Number of Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	1,944	2,858,328	5,797	5,797	0	0	162	0	1,782	1,782	1,944	8.33%	0.00%	0.20%	0.00%	0.01%	0.00%	(3)
2	4,374	20,244,330	14,436	14,436	0	0	972	0	3,402	3,240	4,374	22.22%	0.00%	0.07%	0.00%	0.02%	0.00%	(3)
3	8,262	67,407,552	234,904	234,904	19,487	19,487	3,726	162	4,374	4,374	7,776	45.10%	1.95%	0.35%	0.03%	0.34%	0.03%	(26)
4	8,206	96,853,986	767,919	764,567	191,895	188,105	6,106	240	1,860	1,738	6,522	74.41%	2.92%	0.79%	0.31%	1.11%	0.31%	(70)
5	10,418	168,180,954	1,900,707	1,881,283	755,191	733,470	7,806	760	1,852	1,892	6,818	74.93%	7.30%	1.12%	0.44%	2.74%	1.21%	(110)
6	9,846	210,348,708	4,118,130	4,042,284	2,268,625	2,190,493	7,924	1,280	642	722	2,726	80.48%	13.00%	1.92%	1.04%	5.94%	3.64%	(188)
7	9,304	255,753,306	6,771,010	6,561,512	5,294,696	5,057,173	6,514	2,122	668	546	792	70.01%	22.81%	2.57%	1.98%	9.77%	8.49%	(159)
8	8,186	290,772,926	10,816,572	10,112,300	9,321,585	8,597,871	6,114	1,984	88	206	120	74.69%	24.24%	3.48%	2.96%	15.61%	14.95%	(183)
9	6,819	311,444,611	13,324,197	11,992,266	12,138,034	10,819,689	4,690	1,702	427	434	444	68.78%	24.96%	3.85%	3.47%	19.23%	19.47%	(174)
10	6,019	572,530,140	31,332,039	23,436,707	32,342,472	24,078,585	3,250	2,711	58	83	0	54.00%	45.04%	4.09%	4.21%	45.22%	51.89%	168
10A	1,904	109,610,733	5,243,208	4,202,596	5,052,351	4,018,272	1,201	858	45	22	0	63.08%	34.56%	3.83%	3.67%	7.57%	8.11%	(100)
10B	1,906	130,875,541	6,377,706	4,958,969	6,524,474	5,049,703	997	903	6	45	0	52.31%	47.38%	3.79%	3.86%	9.20%	10.47%	77
10C	2,209	332,043,886	19,711,125	14,275,142	20,765,647	15,010,610	1,052	1,150	7	16	0	47.62%	52.06%	4.30%	4.52%	28.45%	33.31%	477
TOTAL	73,378	1,996,394,841	69,285,711	59,046,056	62,331,985	51,684,873	47,264	10,961	15,153	15,017	31,516	64.41%	14.94%	2.96%	2.59%	100.00%	100.00%	(95)

Ex #4
1102-92

#B-671

Administration 6.7% (40% STD DED) Income Tax Proposal -- Married Filing Separate -- Calendar Year 1993

24-Apr-93

Income Bracket		Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Income Bracket	Number of Households	Total Income	Tax After Fed. Offset	Tax After Fed. Offset	Tax After Fed. Offset	Gainers	Losers	Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	162	153,738	0	0	0	0	0	162	162	162	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
2,000 - 4,000	810	2,538,054	16,033	16,033	0	486	0	324	162	810	60.00%	0.00%	0.63%	0.00%	0.01%	0.00%	(20)
4,000 - 6,000	486	2,533,032	38,607	38,607	20,462	486	0	0	0	162	100.00%	0.00%	1.52%	0.81%	0.02%	0.01%	(37)
6,000 - 8,000	324	2,252,772	15,518	15,518	0	324	0	0	0	324	100.00%	0.00%	0.69%	0.00%	0.01%	0.00%	(48)
8,000 - 10,000	648	5,448,060	56,257	56,257	31,361	324	0	324	162	486	50.00%	0.00%	1.03%	0.58%	0.03%	0.02%	(38)
10,000 - 12,000	1,206	13,324,990	126,094	125,970	88,476	440	40	726	486	766	36.48%	3.32%	0.95%	0.66%	0.08%	0.05%	(31)
12,000 - 14,000	1,568	20,425,490	274,342	274,113	177,527	1,368	80	120	40	806	87.24%	5.10%	1.34%	0.86%	0.17%	0.10%	(62)
14,000 - 16,000	1,882	28,338,904	428,914	427,919	258,509	1,682	160	40	80	962	89.37%	8.50%	1.51%	0.91%	0.26%	0.14%	(91)
16,000 - 18,000	2,320	39,491,600	686,223	680,179	425,640	1,960	280	80	40	800	84.48%	12.07%	1.72%	1.06%	0.42%	0.23%	(112)
18,000 - 20,000	2,242	42,340,536	633,735	627,837	404,124	1,962	240	40	40	760	87.51%	10.70%	1.48%	0.94%	0.38%	0.22%	(102)
20,000 - 25,000	7,160	162,109,960	3,144,271	3,086,052	2,057,338	6,040	1,120	0	0	1,240	84.36%	15.64%	1.90%	1.23%	0.91%	1.12%	(152)
25,000 - 30,000	8,210	226,461,594	5,466,384	5,331,061	4,814,413	5,652	2,386	172	0	486	68.84%	29.06%	2.35%	2.05%	3.32%	2.63%	(79)
30,000 - 35,000	8,494	276,978,352	7,871,380	7,546,870	8,027,752	3,922	4,356	216	0	62	46.17%	51.28%	2.72%	2.75%	4.78%	4.38%	18
35,000 - 40,000	8,766	329,531,744	10,435,278	9,825,967	11,513,572	3,252	5,426	88	0	0	37.10%	61.90%	2.98%	3.26%	6.33%	6.28%	123
40,000 - 45,000	8,792	372,882,750	12,725,089	11,796,041	14,616,889	2,508	6,152	132	22	0	28.53%	69.97%	3.16%	3.60%	7.72%	7.98%	215
45,000 - 50,000	8,082	383,461,821	13,936,313	12,452,860	16,209,936	1,694	6,336	52	0	0	20.96%	78.40%	3.25%	3.75%	8.46%	8.25%	281
50,000 - 55,000	7,115	373,344,077	14,125,964	11,818,340	16,206,974	1,533	5,552	30	22	0	21.55%	78.03%	3.17%	3.60%	8.57%	8.85%	292
55,000 - 60,000	4,616	264,879,659	10,302,586	8,360,627	12,423,840	637	3,964	15	0	0	13.80%	85.88%	3.16%	3.77%	6.25%	5.78%	460
60,000 - 65,000	3,964	246,882,448	9,984,286	7,980,087	11,894,322	375	3,589	0	0	0	9.46%	90.54%	3.23%	3.83%	6.06%	6.49%	482
65,000 - 70,000	2,547	171,813,921	7,190,928	5,615,598	8,571,470	247	2,291	9	2	0	9.70%	89.95%	3.27%	3.87%	4.36%	4.68%	542
70,000 - 75,000	1,926	139,338,535	6,005,049	4,725,584	7,010,750	251	1,669	6	0	0	13.03%	86.66%	3.39%	3.93%	3.64%	3.83%	522
75,000 - 80,000	1,402	108,445,027	4,649,060	3,641,018	5,609,680	136	1,264	2	0	0	9.70%	90.16%	3.36%	4.05%	2.82%	3.06%	685
80,000 - 90,000	1,790	151,078,816	6,752,169	5,283,144	7,965,504	245	1,537	8	1	0	13.69%	85.87%	3.50%	4.10%	4.10%	4.35%	678
90,000 - 100,000	1,110	105,014,413	4,900,449	3,832,503	5,714,109	150	955	5	0	0	13.51%	86.04%	3.65%	4.24%	2.97%	3.12%	733
100,000 - 110,000	709	74,399,579	3,551,860	2,703,175	4,098,892	104	602	3	0	0	14.67%	84.91%	3.63%	4.17%	2.15%	2.24%	772
110,000 - 120,000	522	59,898,606	2,905,675	2,211,485	3,331,307	108	411	3	0	0	20.69%	78.74%	3.69%	4.22%	1.76%	1.82%	815
120,000 - 130,000	411	51,377,755	2,538,844	1,911,573	2,889,290	78	330	3	0	0	18.98%	80.29%	3.72%	4.24%	1.54%	1.58%	853
130,000 - 140,000	282	38,016,619	1,985,764	1,476,581	2,238,150	56	225	1	0	0	19.88%	79.79%	3.88%	4.38%	1.20%	1.22%	895
140,000 - 150,000	228	32,960,793	1,763,487	1,329,182	1,996,391	49	179	0	0	0	21.49%	78.51%	4.03%	4.56%	1.07%	1.09%	1,022
150,000 - & Above	1,614	522,144,164	22,314,026	23,408,640	34,619,782	361	1,248	5	2	0	22.37%	77.32%	4.48%	4.80%	19.61%	18.90%	1,429
TOTALS	89,388	4,247,867,807	164,824,585	136,599,121	183,216,460	36,430	50,392	2,566	1,221	7,826	40.75%	56.37%	3.22%	3.54%	100.00%	100.00%	206

Decile Group		Current Law		Proposed Law		Current to Proposed Law			No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total State Liability		Dollar Change in Avg. Liability
Decile Group	Number of Households	Total Income	Tax After Fed. Offset	Tax After Fed. Offset	Tax After Fed. Offset	Gainers	Losers	Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	Proposed Law	
1	648	1,445,688	2,722	2,722	0	162	0	486	324	648	25.00%	0.00%	0.19%	0.00%	0.00%	0.00%	(4)
2	810	3,779,136	51,919	51,919	20,462	810	0	0	0	486	100.00%	0.00%	1.37%	0.54%	0.03%	0.01%	(39)
3	972	7,700,832	71,775	71,775	31,361	648	0	324	162	810	66.67%	0.00%	0.93%	0.41%	0.04%	0.02%	(42)
4	2,774	33,750,480	400,436	400,082	266,003	1,808	120	846	526	1,572	65.18%	4.23%	1.19%	0.78%	0.24%	0.15%	(48)
5	4,804	78,736,080	1,233,406	1,224,358	731,860	4,164	480	160	120	1,922	86.68%	9.99%	1.56%	0.92%	0.75%	0.40%	(104)
6	7,640	164,960,280	3,175,748	3,129,662	2,070,776	6,560	1,080	0	40	1,840	85.86%	14.14%	1.90%	1.23%	1.93%	1.13%	(145)
7	11,224	311,845,306	7,567,312	7,363,528	6,730,785	7,690	3,340	194	0	486	68.51%	29.76%	2.36%	2.08%	4.59%	3.67%	(75)
8	16,572	596,657,484	18,230,791	17,227,932	19,781,367	5,364	9,826	282	0	62	38.40%	59.90%	2.89%	3.10%	11.06%	10.80%	94
9	21,287	999,152,868	35,941,817	31,946,567	41,405,607	5,217	15,871	199	44	0	24.51%	74.56%	3.20%	3.65%	21.61%	22.60%	257
10	22,657	2,049,839,653	98,148,561	75,180,576	112,178,238	3,007	19,575	75	5	0	13.27%	86.40%	3.67%	4.18%	59.55%	61.23%	619
10A	7,995	460,821,889	18,050,507	14,618,478	21,539,034	1,012	6,953	30	0	0	12.86%	86.97%	3.17%	3.75%	10.95%	11.76%	436
10B	7,608	523,395,568	22,058,553	17,369,035	26,194,765	802	6,790	16	2	0	10.54%	89.25%	3.32%	3.92%	13.38%	14.30%	544
10C	7,054	1,065,622,196	58,039,601	43,193,063	64,444,439	1,193	5,832	29	3	0	16.91%	82.68%	4.05%	4.50%	25.21%	35.17%	908
TOTAL	89,388	4,247,867,807	164,824,587	136,599,121	183,216,459	36,430	50,392	2,566	1,221	7,826	40.75%	56.37%	3.22%	3.54%	100.00%	100.00%	206

EXHIBIT 5
DATE 4/23/93
HB 671

**6.7% Rate; \$2,710 Exemption; Two-Earner Based on Earned Inc.
Assumes 1993 Surtax is Repealed**

24-Apr-93

Surtax Revenue Loss:

14,179,418

Administration Proposal

Tax Year	1993	1994	1995
Tax Rate	6.70%	6.70%	6.70%
CL Tax	301,165,557	318,451,181	335,064,103
PL Tax	327,417,111	349,929,733	372,804,404
Change	26,251,554	31,478,552	37,740,301
All Filers	27,564,132	33,052,480	39,627,316
Biennial Increase in Income Tax:			66,250,851

inc - 2 wage earner
phase out all ded + exemptions @ 100-180
no minimum
40% SD 5000, 7500, 10,000
mt CPI = 50% of Fed

Amendments: CPI - correct
Earned income definition
Exemption phase out 100-180
ded., ex, 2 earner
40% SD
exemption @ 2710
Rate @ 6.7

Amendments to House Bill No. 671
Reference Reading Copy

For the Free Conference Committee

Prepared by Jeff Martin

April 24, 1993

EXHIBIT 6

DATE 4/23/93

HB 671

1. Page 2, line 17.
Strike: "for Montana"
2. Page 2, line 22.
Strike: ", multiplied by 0.5"
3. Page 3, lines 20 and 21.
Following: "index" on line 20
Strike: remainder of line 20 through "Montana" on line 21
4. Page 3, line 22.
Strike: "for Montana"
Following: "1993"
Insert: ", then subtracting 1, then multiplying by 0.5, then adding 1"
5. Page 6, line 13 through page 8, line 5.
Strike: section 2 in its entirety
Renumber: subsequent sections
6. Page 8, line 10.
Strike: "1994"
Insert: "1992"
7. Page 8, line 13.
Strike: "7.3%"
Insert: "6.7%"
8. Page 9, line 21.
Strike: "7.4%"
Insert: "6.7%"
9. Page 14, line 8.
Following: "(j)"
Insert: "except as provided in subsection (7),"
10. Page 14, lines 9 and 10.
Following: "the" on line 9
Strike: remainder of line 9 through "salary" on line 10
Insert: "earned income"
11. Page 14, line 11.
Strike: "wages and salary"
Insert: "earned income"
12. Page 16, line 7.
Following: line 6

Insert: "(7) The amount specified in subsection (2)(j) is reduced by 6.25% for every \$5,000 of federal adjusted gross income in excess of \$100,000."

13. Page 16, lines 14, 17, and 24.

Strike: "\$3,500"

Insert: "\$2,710"

14. Page 17, lines 4, 12, and 16.

Strike: "\$3,500"

Insert: "\$2,710"

15. Page 18, lines 10 and 15.

Strike: "\$3,500"

Insert: "\$2,710"

16. Page 19, line 21.

Strike: "10%"

Insert: "6.25%"

17. Page 19, line 22.

Strike: "\$150,000"

Insert: "\$100,000"

18. Page 21, line 22.

Strike: "30%"

Insert: "40%"

19. Page 21, line 23.

Strike: "LESS THAN"

Strike: "\$2,500 OR"

20. Page 22, lines 2, 8, and 14.

Strike: "30%"

Insert: "40%"

21. Page 22, line 3.

Strike: "LESS THAN \$4,000 OR"

22. Page 22, lines 8 and 9.

Following: "NOT" on line 8

Strike: remainder of line 8 through "OR" on line 9

23. Page 22, lines 15 and 16.

Following: "NOT" on line 15

Strike: remainder of line 15 through "OR" on line 16

24. Page 22, line 18.

Strike: "10%"

Insert: "6.25%"

25. Page 22, line 19.

Strike: "\$150,000"

Insert: "\$100,000"

26. Page 39, lines 20 and 22.

Strike: "9"

Insert: "8"

27. Page 40, lines 16 and 17.

Strike: "(1)" on line 16

Following: "This" on line 16

Strike: remainder of line 16 through "THIS" on line 17

Insert: "[This"

28. Page 40, lines 20 through 24.

Strike: subsection (2) in its entirety

29. Page 40, line 25 through page 41, line 1.

Strike: section 25 in its entirety

Free Conference Committee
on House Bill 671
Report No. 1, April 24, 1993

April 24, 1993
Page 2 of 3

Page 1 of 3

Mr. Speaker and Mr. President:

We, your Free Conference Committee met and considered House Bill 671 and recommend as follows:

1. Page 2, line 17.
Strike: "for Montana"
2. Page 2, line 22.
Strike: ", multiplied by 0.5"
3. Page 3, lines 20 and 21.
Following: "index" on line 20
Strike: remainder of line 20 through "Montana" on line 21
4. Page 3, line 22.
Strike: "for Montana"
Following: "1993"
Insert: ", then subtracting 1, then multiplying by 0.5, then adding 1"
5. Page 6, line 13 through page 8, line 5.
Strike: section 2 in its entirety
Renumber: subsequent sections
6. Page 8, line 10.
Strike: "1994"
Insert: "1992"
7. Page 8, line 13.
Strike: "7.3%"
Insert: "6.7%"
8. Page 9, line 21.
Strike: "7.4%"
Insert: "6.7%"
9. Page 14, line 8.
Following: "{j}"
Insert: "except as provided in subsection (7),"
10. Page 14, lines 9 and 10.
Following: "the" on line 9
Strike: remainder of line 9 through "salary" on line 10
Insert: "earned income"

11. Page 14, line 11.
Strike: "wages and salary"
Insert: "earned income"

12. Page 16, line 7.
Following: line 6
Insert: "(7) The amount specified in subsection (2)(j) is reduced by 6.25% for every \$5,000 of federal adjusted gross income in excess of \$100,000."

13. Page 16, lines 14, 17, and 24.
Strike: "\$3,500"
Insert: "\$2,710"

14. Page 17, lines 4, 12, and 16.
Strike: "\$3,500"
Insert: "\$2,710"

15. Page 18, lines 10 and 15.
Strike: "\$3,500"
Insert: "\$2,710"

16. Page 19, line 21.
Strike: "10%"
Insert: "6.25%"

17. Page 19, line 22.
Strike: "\$150,000"
Insert: "\$100,000"

18. Page 21, line 22.
Strike: "30%"
Insert: "40%"

19. Page 21, line 23.
Strike: "LESS THAN"
Strike: "\$2,500 OR"

20. Page 22, lines 2, 8, and 14.
Strike: "30%"
Insert: "40%"

21. Page 22, line 3.
Strike: "LESS THAN \$4,000 OR"

22. Page 22, lines 8 and 9.
Following: "NOT" on line 8
Strike: remainder of line 8 through "OR" on line 9

ADOPT

REJECT

April 24, 1993
Page 3 of 3

23. Page 22, lines 15 and 16.

Following: "NOT" on line 15

Strike: remainder of line 15 through "OR" on line 16

24. Page 22, line 18.

Strike: "101"

Insert: "6.25"

25. Page 22, line 19.

Strike: "\$150,000"

Insert: "\$100,000"

26. Page 39, lines 20 and 22.

Strike: "9"

Insert: "8"

27. Page 40, lines 16 and 17.

Strike: "(1)" on line 16

Following: "This" on line 16

Strike: remainder of line 16 through "[THIS]" on line 17

Insert: "[This]"

28. Page 40, lines 20 through 24.

Strike: subsection (2) in its entirety

29. Page 40, line 25 through page 41, line 1.

Strike: section 25 in its entirety

And this Free Conference Committee report be adopted.

For the House:

For the Senate:

Bob Gilbert
Rep. Gilbert, Chair

Steve Doherty
Sen. Doherty, Chair

Merion Hanson
Rep. M. Hanson

Thomas E. Towe
Sen. Towe

Elliot
Rep. Elliott

Louise Grosfield
Sen. Grosfield